

The complaint

Mr R is unhappy with the charges applied by 247 Money Group Limited trading as 247 Money after he rejected a car supplied to him by them under a hire purchase agreement.

What happened

In November 2022, Mr R was supplied with a used car through a hire purchase agreement with 247 Money. He paid a £570 deposit, and the agreement was for £9,210 over 60 months, with monthly payments of £329.88.

Mr R had issues with the car and, after an unsuccessful attempt to repair the car by the supplying dealership, 247 Money agreed to the car being rejected. However, 247 Money said that Mr R wouldn't receive a refund of any of the money he paid, as this was being retained to cover the mileage Mr R had done, and to pay for the damage to the car that fell outside of normal fair wear and tear.

Mr R wasn't happy with this, and he brought his complaint to the Financial Ombudsman Service for investigation.

Our investigator said that Mr R should've been provided with evidence of the damage charges that had been applied, as well as a breakdown of what he was being charged for fair usage. And, by not doing so, 247 Money hadn't provided the level of service expected.

However, as Mr R was able to use the car for the nine months between supply and rejection, and only paid seven payments, the investigator thought that the missed payments covered the periods Mr R was unable to use the car, or his usage was impaired, due to the underlying fault. So, she didn't think any of the payments should be refunded to Mr R, nor should 247 Money charge anything more for the around 7,000 miles Mr R had done.

The investigator also said that, upon rejection, we would usually recommend a refund of the deposit. And, as 247 Money hadn't provided any evidence of the damage to the car, this deposit should be refunded to Mr R.

Mr R accepted the investigator's recommendation, but 247 Money didn't reply. So, this matter has been passed to me to make a final decision.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so, I've reached the same overall conclusions as the investigator, and for broadly the same reasons. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome. Where evidence has been incomplete or contradictory, I've reached my view on the balance of probabilities – what I think is most likely to have happened given the available evidence and wider circumstances.

In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and (if appropriate) what I consider was good industry practice at the time. Mr R was supplied with a car under a hire purchase agreement. This is a regulated consumer credit agreement which means we're able to investigate complaints about it.

The Consumer Rights Act 2015 ('CRA') says, amongst other things, that the car should've been of a satisfactory quality when supplied. And if it wasn't, as the supplier of goods, 247 Money are responsible. What's satisfactory is determined by things such as what a reasonable person would consider satisfactory given the price, description, and other relevant circumstances. In a case like this, this would include things like the age and mileage at the time of sale, and the vehicle's history and its durability. Durability means that the components of the car must last a reasonable amount of time.

The CRA also implies that goods must conform to contract within the first six months. So, where a fault is identified within the first six months, it's assumed the fault was present when the car was supplied, unless 247 Money can show otherwise. But, where a fault is identified after the first six months, the CRA implies that it's for Mr R to show it was present when the car was supplied.

So, if I thought the car was faulty when Mr R took possession of it, or that the car wasn't sufficiently durable, and this made the car not of a satisfactory quality, it'd be fair and reasonable to ask 247 Money to put this right.

In this instance, it's not disputed there was a problem with the car supplied to Mr R, nor that this fault was present when it was supplied. And Mr R has already been given, and accepted, the right to reject under the CRA. As such, I'm satisfied that I don't need to consider the merits of this issue within my decision. Instead, I'll focus on what I think 247 Money should do to put things right.

Putting things right

The information provided by both parties has been limited, and based on what I've seen it's not possible to always establish exact dates on which things happened. However, as far as I can tell from this limited information, it's not disputed that Mr R was supplied with the car on 23 November 2022, and rejection took place in early September 2023. At the time of rejection Mr R was between two and three months behind with his payments to 247 Money.

It's also not disputed Mr R had been without use of the car for at least two periods where repairs or investigations were taking place, during which Mr R was hiring cars as no courtesy car was provided. What's more, due to the ongoing faults, Mr R's use of the car while it was in his possession was, to some extent, impaired.

Under normal circumstances, I'd be asking 247 Money to refund the payments Mr R made while the car wasn't in his possession, and for them to refund a proportion of the payments he'd made while the car was in his possession, to account for the impaired usage. However, in this instance I won't be doing this as Mr R was in arrears at the time of the rejection, and 247 Money haven't asked him to repay those arrears. As such, I think a fair solution would be for 247 Money to keep the payments Mr R paid and use this to account for the time he was in possession of the car and for any mileage travelled. So, I won't be asking them to refund any monthly payments.

Turning now to the damage to the car that was outside of fair wear and tear guidelines. The agreement Mr R signed allows 247 Money to charge for this, but I'd expect them to provide a written inspection, supported by photographs, to show this damage. Despite being asked for

this on multiple occasions, 247 Money have failed to provide any evidence of the damage to the car. As such, I don't think it's fair for 247 Money to charge for any damage.

Finally, when considering a matter like this, as far as possible I'd look to put Mr R back in the position he would've been had he not been supplied with a car of an unsatisfactory quality. While, as I've already explained, I think it's fair that 247 Money keep the monthly payments Mr R made, to put him back in the position he would've been in, I think it's only fair that his deposit is refunded to him, along with statutory interest.

So, if they haven't already, 247 Money should:

- end the agreement with nothing more to pay;
- collect the car at no cost to Mr R;
- remove any adverse entries relating to this agreement from Mr R's credit file;
- refund the deposit Mr R paid (if any part of this deposit is made up of funds paid through a dealer contribution, 247 Money is entitled to retain that proportion of the deposit); and
- apply 8% simple yearly interest on the refund, calculated from the date Mr R paid the deposit to the date of the refund[†].

[†]If HM Revenue & Customs requires 247 Money to take off tax from this interest, 247 Money must give Mr R a certificate showing how much tax they've taken off if he asks for one.

My final decision

For the reasons explained, I uphold Mr R's complaint about 247 Money Group Limited trading as 247 Money. And they are to follow my directions above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 22 April 2024.

Andrew Burford
Ombudsman