

## The complaint

Mr G is unhappy that a van supplied to him under a hire purchase agreement with Advantage Finance Limited was of an unsatisfactory quality.

## What happened

In April 2023, Mr G was supplied with a used van through a hire purchase agreement with Advantage. The agreement was for £7,495 over 60 months; with 59 monthly payments of £200.60 and a final payment of £400.60. At the time of supply, the van was almost seven years old, and had done around 67,800 miles.

Mr G had some issues with the van – a defective gearbox, a recurring alternator belt problem, and an oil leak – and he complained to Advantage in December 2023. The van was inspected by an independent engineer in January 2024, and they concluded there were faults that were present or developing when the van was supplied. So, Advantage allowed Mr G to reject the van and terminate the agreement.

The van was returned to Advantage in March 2024, at which point Mr G had done 8,452 miles since it was supplied to him. Mr G had paid 10 payments to Advantage, and they agreed to refund five of these payments to him, along with paying him £150 compensation. In addition to this, the supplying dealership had contributed £500 to the costs Mr G had incurred in repairing the van.

Mr G was unhappy with how Advantage resolved his complaint, and he thought they should cover all his travel costs, cover the costs of all the repairs he'd had done, and compensate him for his loss of income for when the van couldn't be used. So, he brought his complaint to the Financial Ombudsman Service for investigation.

Our investigator said that Advantage acted reasonably in allowing Mr G to reject the van, and he didn't think they needed to do anything more regarding the van itself. With regards to the repair costs, the investigator said that Advantage should be responsible for the £270 cost of the alternator belt replacements, and the £1,270 cost for the replacement gearbox – a total of £1,540. However, they didn't think Advantage should be responsible for the other repair costs Mr G incurred, as these fell under normal maintenance.

As Advantage had already refunded Mr G £1,003 in payments, and the dealership had contributed £500 to the repairs, the investigator thought this adequately covered the costs they were responsible for. And they thought the £150 compensation was reasonable in the circumstances. The investigator also said that Mr G had been without use of the van for 17 days, but Advantage had also refunded an additional payment to compensate Mr G for this. So, the investigator thought Advantage had acted fairly and reasonably, and didn't need to do anything more.

Mr G didn't agree with the investigator. He said the repair costs far exceeded the £1,503 he'd been offered in compensation. And he didn't think the *"impact on my business and personal life"* had been adequately compensated for, especially as he said that he hadn't been able to use the van for in excess of 90 days. He thought the Financial Ombudsman

Service was biased in favour of financial businesses and that *“a compensation figure in the range of £3000 to £5000 would be far more appropriate ... for a financial institution with a six figure profit margin, to offer just £150 for assisting in the ruin of a small business and a hard working man’s livelihood is truly a kick in the teeth.”*

Because Mr G didn’t agree with the investigator’s opinion, this matter has been passed to me to decide.

While Mr G’s complaint was awaiting allocation to an ombudsman, Mr G explained that, after the van was returned to Advantage, he no longer had a vehicle with which to run his business and that he wasn’t able to obtain further credit to acquire a new vehicle. As a result, he’s had to close down his business. Because of this, Mr G also wanted to complain about how Advantage’s actions had a detrimental impact on his credit file, and that they declined his application for a further credit agreement.

The investigator explained to Mr G that this was a new complaint about Advantage, and that we had to give them the opportunity to deal with this complaint before we could get involved. As such, this wasn’t something we were able to consider at this stage.

### **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 G was supplied with a van 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 van should’ve been of a satisfactory quality when supplied. And if it wasn’t, as the supplier of goods, Advantage 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 van 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 van was supplied, unless Advantage can show otherwise. So, if I thought the van was faulty when Mr G took possession of it, or that the van wasn’t sufficiently durable, and this made the van not of a satisfactory quality, it’d be fair and reasonable to ask Advantage to put this right.

In this instance, it’s not disputed there was a problem with the van supplied to Mr G, nor that he was able to reject the van. 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, if anything, I think Advantage should do to put things right.

In a situation like this, I wouldn't expect Mr G to have to make payments to Advantage for the time the van was off the road, and when he wasn't offered a courtesy vehicle. This payment would be to cover his travel expenses for the period of time he was without use of the van.

In his comments on the investigator's opinion, Mr G said that the van was off the road, awaiting repair, for more than 90 days. However, in the breakdown he provided us in March 2024, he detailed that the van had been off the road for a total of 17 days between 21 June 2023 and 9 January 2024. He also provided invoices to support these breakdown periods, so I'm satisfied the evidence shows the van was off the road for 17 days during this period.

On 4 March 2024, Mr G advised Advantage that the van was off the road again due to a failed alternator belt. An email dated 12 March 2024 also confirmed the van was still off the road. I've seen that Advantage offered Mr G rejection of the van on 18 March 2024, which he initially refused. It wasn't until 21 March 2024 that he agreed to this, and the van was collected on 26 March 2024. As such, I'm satisfied that the van wasn't on the road and drivable for this period.

But I also need to take into consideration that Mr G initially refused rejection of the van, and had he done so when first offered this, the termination of the agreement could've happened sooner. As such, I don't think it's fair that Advantage should be responsible for refunding any payments directly attributable to this delay. So, I think it's fair that Advantage should refund the payments from 4 March 2024, when Mr G says the van was off the road again, to 18 March 2024, when they initially offered Mr G the right to reject the van – a total of 14 days.

As such, I'm satisfied that Advantage should refund payments equivalent to when the van was off the road for 31 days i.e., one monthly payment.

Mr G has provided evidence of the costs he's incurred in repairing the van while it was in his possession. When considering these costs, I also need to consider the age and mileage of the van, and that any reasonable person would expect to have costs associated with general maintenance and in-service wear and tear. As such, I don't think Advantage should be responsible for the costs of the replacement battery, or the costs associated with repairing the van to a minimum MOT standard. I say this because the van was provided to Mr G with a valid MOT, and I consider these costs to fall under general repairs and maintenance.

However, I do think that Advantage should be responsible for the costs associated with the replacement alternator belts and the replacement gearbox. From what I've seen, the total cost of these repairs was £1,540. However, the dealership covered £500 of these costs, so Advantage are only required to cover the £1,040 difference.

Advantage have agreed to refund Mr G the equivalent to five payments, plus the February payment. This totals £1,203.60. As stated above, I'm satisfied that Advantage should refund Mr G £1,040 plus one monthly payment i.e., a total of £1,240.60. Given that these two figures are broadly similar, I won't be asking Advantage to refund anything more.

With regards to Mr G's claim for loss of earnings, he's said that this was £100 a day for every day the van was off the road. While this is noted, Mr G hasn't provided any evidence to show that this was his actual amount of lost earnings.

In an email dated 18 March 2024, when Mr G was chasing Advantage for the van to be collected, he said *"I sincerely hope this vehicle recovery is not going to cost me yet another day off work."* In the same email, he also stated that he didn't want to have to take a day off work to return the van to the dealership. So, while stating that he'd had to take some time off

to deal with the van, in the email Mr G is clearly stating that he was able to work regardless of the van not being drivable, as he didn't want to lose a day of work due to having the van collected.

Given this, I'm not satisfied that Mr G has actually lost any earnings as a result of the van being off the road, especially because, as a small business owner, it would most likely have been possible for him to rearrange work around the need to take the van for repair etc. What's more, while I don't doubt Mr G's testimony about his financial hardships, given what I've seen I can't be satisfied that these were solely caused by the van not being drivable.

So, I won't be asking Advantage to compensate Mr G for any loss of earnings.

However, this doesn't mean that Mr G wasn't impacted by what happened, nor that he shouldn't be compensated for this. But crucially, this compensation must be fair and reasonable to both parties, falling in line with our service's approach to awards of this nature, which is clearly set out on our website. And we don't look to 'punish' financial businesses, nor is the amount of compensation linked to the profitability of a business.

I note that Advantage has offered Mr G £150 to recognise the distress and inconvenience he's been caused by the complaint. And having considered this recommendation, I think it's a fair one that falls in line with our service's approach and what I would've directed, had it not already been put forward.

I think this is significant enough to recognise the worry and upset Mr G would've felt by having to arrange for the van to be repaired, and by this repair being unsuccessful. So, and while I appreciate this will come as a disappointment to Mr G, I won't be asking Advantage to increase this amount.

### **My final decision**

For the reasons explained, I don't uphold Mr G's complaint about Advantage Finance Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 14 November 2024.

Andrew Burford  
**Ombudsman**