

The complaint

Mr B has complained about the quality of a car he acquired, using finance provided by STARTLINE MOTOR FINANCE LIMITED ('Startline').

What happened

On 30 April 2023, Mr B entered into a finance agreement with Startline, for a used car. At this point, it was around seven years old, and had just under 71,000 miles on the clock.

After experiencing problems with the car, he was told by the warranty provider to book it into a garage. He did so, and the car was inspected on 12 May 2023, at a cost of £43.20. At this point, the mileage was 72,182. The inspection noted the clutch bite point was low, and that the sump gasket was leaking. A vehicle health check report was provided on the same day, which noted the following:

- 'cam cover gasket leaking';
- 'sump gasket leaking, new sump plug required...';
- 'gearbox has previously been rebuilt';
- 'exhaust rubber has separated from metal housing centre section';
- 'damage to side wall' of the nearside front tyre;
- 'clutch pedal moves side to side, possible pedal box';
- 'clutch pedal biting point low due to clutch being worn';
- 'N/S door motor internal fault requires new motor';
- 'lower bumper clips missing';
- 'drive belt worn';
- 'spacer fitted to rear o2 sensor possibly causing jerkiness'; and
- 'new pads fitted to old discs causing squeak'.

At this point, Mr B contacted the dealership, which said it would help if the issues weren't covered under the warranty, and that the clutch was fine. Mr B has explained that the estimate for repairs from the dealership was expensive, so he bought the parts himself and his father fitted them. The dealership reimbursed him for the cost of the rocker cover and EVAP purge valve.

Issues continued, which our investigator listed in her view. These were as follows.

- On 25 May 2023, an ignition coil and four spark plugs were fitted to the car. The mileage is not noted on the invoice, and it cost £276.
- On 30 May 2023, Mr B paid £45.98 for engine oil.
- On 8 June 2023, he bought an inlet manifold evaporation purge control valve, for £76.45. He also bought a rocker cover on the same day, for £125. He was reimbursed for both of these costs.
- On 9 June 2023, he bought a bulb, oil filter and drive belt, costing £15.16.
- On 12 June 2023, he bought another rocker cover for £113.92.
- On 13 June 2023, he bought a sump plug for £1.99.
- On 15 June 2023, the alternator belt, oil filter and engine oil were replaced. The parts were provided and the invoice confirms the labour costs were £94.20. The mileage was noted as 74,028. A photo of the service book confirms the same, and that work on the spark plugs was also carried out.
- On 16 June 2023, he bought a cap, costing £3.88.
- On 20 June 2023, a thermostat was fitted to the car and antifreeze was added, costing £195.60. 74,300 miles is handwritten on the invoice.
- On 26 June 2023, he bought a cap header tank, hose and a tank with sensor rad, totalling £42.35.
- On 12 July 2023, he paid £94.19 for a water outlet thermostat housing and water pump with gasket.
- On 18 July 2023, a supplied water pump was replaced and the front brakes were cleaned. The mileage was noted as 75,673 miles and cost £115.20. So Mr B had travelled over 4,500 miles in the car since it was supplied, around three and a half months earlier.

Following this, on 26 July 2023, Mr B reported what was going on to Startline, and explained he'd been trying to resolve the issues with the dealership and warranty provider. He subsequently provided repair receipts and confirmed work was carried out by the main dealership, and a family friend who was a mechanic to keep costs down. Startline confirmed it contacted the warranty provider on 5 September 2023, and it said that Mr B was satisfied with the repairs.

On 11 September 2023, Startline provided its response. It said that as unauthorised repairs were carried out before it could inspect the car, it would not accept any liability.

Mr B then brought his complaint to our service. He explained he'd had to buy another car, and is currently paying £322.44 a month for the tax, insurance and finance payments for the faulty car. He said it's caused him a lot of stress, having almost lost his job and has put him into a lot of debt. He said the mileage was 78,141, and that he stopped driving it in mid-July 2023.

An independent inspection was then carried out on 17 March 2024, and the mileage was confirmed to be 78,141 miles. It concluded that:

“The vehicle does appear to have had an underlying condition with the engine cooling system which is a potential to be a breach of the cylinder head gasket however, this will require confirmation under controlled workshop conditions...”

In our opinion the sales agent should be responsible for the further investigation and rectification costs, and in our opinion at a minimum the vehicle requires a replacement of the cylinder head gasket and associated components.”

One of our investigators looked into what had happened. She considered it likely there are numerous faults with the car, as extensive repairs have been required and continue to be needed. So, she went on to consider whether the goods were of satisfactory quality when they were supplied.

Given the large number of issues found, our investigator thought it prudent to focus on the one issue as confirmed in the independent inspection arranged by Startline. She noted it confirms issues with the cylinder head gasket and confirmed it, along with its associated components, needs replacing. She noted this part should last around 200,000 miles, and so it has clearly failed prematurely at less than 80,000 miles. She also observed there to be other serious issues, namely with the engine and a door locking mechanism. She didn't think a reasonable person would expect a car of this age and mileage to require such extensive and costly repairs, especially to parts of the car that are critical to function for safety and others which should last near the lifespan of a car.

Our investigator also considered Startline's comments that the repairs were unauthorised. But she said there's no indication that the repairs caused the issues, or worsened them. So, she wasn't persuaded that unauthorised repairs have impacted the quality of the car. Instead, she thought the car wasn't of satisfactory quality at the point of supply, considering how soon the issues presented themselves, and the severity of them. And she said that if Startline had been made aware of the issues sooner, it would've most likely directed Mr B to the warranty provider or dealership to resolve, which in essence would've authorised any repairs that followed, albeit not the repairs carried out by Mr B's dad, so the position isn't materially any different than if Startline had in fact authorised the repairs.

From the evidence I've seen, it seems likely the repairs will be very expensive and I note various repairs have failed. So, she felt that Mr B should be able to reject the car, which means Startline should end the agreement and collect the car from him.

Mr B first reported the issues to Startline on 26 July 2023, and our investigator thought it should've acted much sooner in arranging an inspection. She said this caused ongoing avoidable distress and inconvenience, and financial stress, so Startline should pay him £300 in compensation to recognise the impact this had on him.

Our investigator noted that whilst some repairs may have been as a result of wear and tear, all appear to have been necessary, to keep the car on the road and useable. She said that Mr B wouldn't now get the benefit of those repairs, so Startline should reimburse a majority of the costs of the repairs and parts. Specifically:

- 12 May 2023- inspection costing £43.20.
- 25 May 2023- repairs costing £276.
- 30 May 2023- parts costing £45.98.
- 9 June 2023- parts costing £15.16.
- 13 June 2023- parts costing £1.99.
- 15 June 2023- repairs costing £94.20.
- 16 June 2023- parts costing £3.88.
- 20 June 2023- repairs costing £195.60.

- 26 June 2023- parts costing £42.35.
- 12 July 2023- parts costing £94.19.
- 18 July 2023- repairs costing £115.20.
- 14 December 2023- repairs costing £200.

But, she didn't ask Startline to reimburse the costs of the parts for which he's already been reimbursed, or for the second rocker cover that he bought, given just one was required.

She then turned to to usage of the car and the monthly repayments. On balance, she thought it more likely than not that Mr B stopped using the car around the end of August 2023, so thought Startline should reimburse the repayments he since then. It should also should reimburse him for his tax and insurance costs for this car, from 1 September 2023 onwards.

In addition, Mr B will need to pay again for his private plate to be transferred to another car, so Startline should reimburse the cost of this, as it's a consequential loss. Likewise, he will likely need to pay an admin fee to cancel/transfer his insurance, so this is a further consequential loss.

Mr B agreed with these findings, but Startline did not. The complaint's now been passed to me.

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 agree with our investigator's findings, and for the same reasons she gave. I have set these out in detail above. There is little I can meaningfully add to her reasoning and conclusions, as they are materially the same as I'd have given.

I'm aware that Startline disagrees with this, and raised a number of points in response. But these have already been addressed by the investigator in her view – with which I agree. It hasn't made any further points that would change my mind. I'm satisfied rejection is fair, given the number of issues experienced - and despite unauthorised repairs being carried out, as I don't believe these contributed to the issues experienced. Although a finance provider should be allowed a chance at repair, I think it fair to depart from this, given the severity of the issues, their number, and the ongoing problems.

Accordingly, I'm satisfied the complaint should be upheld, with the remedies proposed by our investigator being appropriate.

Putting things right

To put things right, Startline should:

- end the agreement with nothing further to pay;
- collect the car at no cost to Mr B;
- refund Mr B's deposit, if any was paid, adding 8% simple interest a year, from the date it was paid to the date of settlement;
- refund all of Mr B's monthly repayments, tax and insurance costs for the period from 1 September 2023, when I'm satisfied he stopped using the car, adding 8% simple

interest from the date of each payment to the date of settlement;

- refund Mr B the additional expenses he incurred of £43.20 for inspection costs, £881 for repair costs and £203.55 for parts costs, adding 8% simple interest from the date of each payment to the date of settlement;
- reimburse Mr B for any additional expense he will incur when he transfers his number plate to a new car, and the admin cost of cancelling/transferring his insurance, upon being provided reasonable proof of these costs;
- pay him £300 for the distress and inconvenience caused; and
- ensure there is no adverse information recorded on Mr B's credit file in relation to the agreement.

My final decision

It's my final decision to uphold this complaint. I require STARTLINE MOTOR FINANCE LIMITED to take the action set out above, in the section entitled 'Putting things right'.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 21 November 2024.

Elsbeth Wood
Ombudsman