

## **The complaint**

Mr N complains that a car supplied to him under a hire purchase agreement with Lendable Ltd trading as Autolend (Autolend) was of unsatisfactory quality.

## **What happened**

In June 2023 Mr N entered into a hire purchase agreement with Autolend to acquire a used car. The car was around seven years old with a mileage of around 74,000 miles. The cash price of the car was £10,374.00, and Mr N paid a deposit of £2,000 by method of trade-in. The total amount payable on the agreement was £14,351.79, payable over 59 monthly payments of £205.31 followed by a final payment of £213.50 plus the option to purchase the vehicle for a fee of £25.00 at the end of the agreement.

Mr N states he encountered several issues with the car, including failed auxiliary belts, problems with the gears, clutch and exhaust. Mr N states these started the same day he took ownership, with the auxiliary belt needing replacing. Mr N took the car in for repairs, The auxiliary belt was replaced and Mr N continued to drive the vehicle.

In November 2023 Mr N encountered another issue with the vehicle. Mr N got in touch with the dealership he bought the car from, but states he was told they couldn't take the car in due to their capacity. Mr N explained he was advised to take the car to another garage to have the repairs carried out. Mr N took the car to another garage, where it was discovered the auxiliary belt had failed again. The garage also explained there were other parts that needed replacing related to the belt to ensure it wouldn't fail early again, however Mr N went ahead with only replacing the auxiliary belt due to costs.

Mr N then states he had further trouble with the vehicle, and in early January 2024 got in touch with Autolend to explain the problems he'd been having. An independent car inspector was appointed by Mr N to examine the vehicle, to investigate the issues he'd encountered since taking ownership of the car.

The inspection took place in January 2024, where the engineer was persuaded the repeated issues with the auxiliary belt meant the vehicle was of unsatisfactory quality when it was supplied, this is due to the fact the issues were deemed to be present or developing at the point of sale, with the first failure happening at around 18 miles of driving by Mr N. The engineer considered that the repeated failures were as a result of repairs not being fully carried out at the time. This meant Autolend would be responsible for the repairs and associated costs.

Autolend issued a final response upholding Mr N's complaint, explained they would arrange for the repairs to be carried out as recommended by the engineer and offered £150 for distress and inconvenience.

Mr N wasn't happy with this as he states there are other issues with the vehicle around the gears, clutch and exhaust. Mr N had paid for repairs to his exhaust and clutch and wanted these covered as well. Mr N also wanted hire car costs covered whilst his car was in for repairs.

As Mr N was unhappy, he brought his complaint to our service where it was passed to one of our investigators. The investigator upheld Mr N's complaint. She said that because the issues with the auxiliary belt were present or developing at the point of sale, this made the car of unsatisfactory quality when it was supplied. The investigator recommended Autolend to refund one monthly rental payment for when Mr N didn't have use of the car in January 2024, refund the cost of the independent inspection, refund hire car costs Mr N incurred, pay 8% simple yearly interest on refunded amounts, and to pay the £150 for distress and inconvenience Autolend had offered to pay.

Autolend didn't agree with this and sent further information in to be considered by the investigator. This included their business response. This didn't change the investigator's outcome and as such Autolend asked for the case to be referred to an ombudsman for a final decision. So, I've been asked to review the case to make a 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.

Mr N acquired a car under a hire purchase agreement. Entering into consumer credit contracts like this is a regulated activity, so I'm satisfied we can consider Mr N's complaint about Autolend. Autolend is also the supplier of the goods under this type of agreement meaning they are responsible for a complaint about the supply of the car and its quality.

The Consumer Rights Act 2015 (CRA) is relevant in this case. It says that under a contract to supply goods, there is an implied term that "the quality of the goods is satisfactory, fit for purpose and as described". To be considered as satisfactory, the CRA says the goods need to meet the standard that a reasonable person would consider satisfactory, considering any description of the goods, the price and all the other relevant circumstances.

So, it seems likely that in a case involving a car, the other relevant circumstances a court would consider might include things like the age and mileage at the time of sale and the vehicle's history.

In this case, Mr N acquired a car that was around seven years old and had travelled over 74,000 miles. As this was a used car with this mileage and age, it's reasonable to expect parts may already have suffered more wear and tear when compared to a new car or one that is less travelled. There's a greater risk this car might need repair and/or maintenance sooner than a car which wasn't as road-worn.

I've reviewed the available evidence about the issues Mr N experienced with the car. Based on what I've seen, I'm satisfied that there were faults with the auxiliary belt. I say this because the independent inspection report confirmed the belt had failed on more than one occasion and I've seen invoices for repair. Autolend also don't dispute that the belt had failed. Having considered the car had a fault, I've considered whether it was of satisfactory quality at the time of supply.

Having looked at the independent engineer's report, I can see that when they examined the car in January 2024 they found the auxiliary belt fitted to the vehicle in a seriously damaged condition. They also noted corrosion deposits around a water pump contaminating the auxiliary belt and a damaged air condenser pipe. The engineer also examined an old auxiliary belt that they'd been told had been fitted to the car previously. This was showing excessive damage.

The inspector determined there were significant issues with the vehicle that needed replacing including the auxiliary belt idler and tensioner, alongside checking all other components that drive or are associated to the auxiliary belt.

The engineer stated they believe the faults were present or developing at the point of sale, as Mr N was only able to drive around 17 miles before the auxiliary belt needed replacing the first time. They also state that as previous repairs were incomplete, this has caused the repeated failure of subsequent auxiliary belts based on everything they had seen.

The independent report does not comment on the clutch, gears or exhaust issues. However, There are emails between Mr N and the engineer after the report has been received. In these, the engineer stated the exhaust looked like someone had tried to cut it rather than it being a fault developing or present at the point of sale and explained there was no evidence of a noisy exhaust when they inspected it. The engineer also stated they could not prove an issue with the clutch would be present or developing at the point of sale considering how many miles have been travelled since the purchase and didn't consider this something Autolend could be responsible for. The engineer did not state that they found an issue with the gears on the vehicle either.

Mr N was only able to travel around 17 miles before the auxiliary belt and associated parts failed the first time. He was able to have this repaired by the dealership, however it appears as though the repairs weren't completed to the required standard. I say this because around five months later, the auxiliary belt failed again. This viewpoint also supported in the engineer's report.

However, when arranging a repair in November, Mr N was made aware that other parts aside from the auxiliary belt needed replacing, and if they were not replaced, the belt was likely to fail again soon after. Mr N went ahead with only replacing the belt, and didn't make the dealership or Autolend aware that he needed to replace the other related parts to avoid further failure.

Mr N's car suffered another failure, whereby the independent inspector later discovered the causes of these auxiliary belt failures. Each time the Auxiliary belt had been replaced the necessary repairs to ensure it wouldn't occur again so soon after were not carried out. All of the information I have, persuades me that the vehicle was not of satisfactory quality when it was supplied in relation to the auxiliary belt and associated parts issues. This is due to Mr N only being able to travel a very short distance before the first failure. I'm also persuaded by the information I have, that if the repairs had been carried out properly at this time, the auxiliary belt is unlikely to have failed again in November, and then again for a third time.

I'm not persuaded that the vehicle had a fault with the gears, clutch or exhaust that would mean the vehicle wasn't of satisfactory quality when it was supplied in these areas. I can't see any information showing this to be the case, and whilst I acknowledge Mr N states he encountered these, I think it's likely the inspecting engineer would've highlighted these within their report if they were deemed to have been an issue Autolend were responsible for. The information I do have about the other issues persuades me these were not present or developing at the point of sale and were more likely to be related to the age and mileage of the vehicle, associated with possible wear and tear alongside the miles travelled by Mr N whilst he had the vehicle, and the potential cutting of the exhaust.

## Putting things right

As I've concluded that the car was not of satisfactory quality when it was supplied, I think it's reasonable that Autolend should put things right.

I'm persuaded Autolend should be responsible for covering the cost of repairs for the first instance of the auxiliary belt failing – which has already been covered. I agree with the investigator that Autolend shouldn't be responsible for the cost of the second auxiliary belt repair because Mr N was given information by another garage that the belt was very likely to fail again shortly after, due to the other related parts needing replacing also. Had Mr N have contacted the dealership or Autolend, they would have had the opportunity to carry out the necessary repairs meaning the third fault would have been unlikely to occur, and Mr N hasn't mitigated his own losses here by taking the appropriate action. As Mr N hasn't done this, the belt needed replacing again, as well as the related parts identified by the inspecting engineer that should have been replaced the first time the belt failed. It is fair that Autolend cover the costs of the final repair as they have done. Had this taken place when the belt first failed, subsequent repairs may have been avoided.

Autolend should also be responsible for covering the cost of the independent inspection by the engineer, as had they not supplied a car that was of unsatisfactory quality, this cost would not have been incurred by Mr N.

I also agree with the investigator that one month's rental payments should be returned, for when Mr N couldn't use the vehicle in January 2024 and didn't yet have use of a hire car. This is from 2 January 2024 when Mr N raised the issues with Autolend, to 30 January when the independent report explained the issues were present or developing at the point of sale. I also find that Mr N should have his hire-car costs covered by Autolend. I say this because Mr N needed to stay mobile, whilst a car that wasn't of satisfactory quality, supplied by Autolend, needed repairing. I believe that Mr N has looked to keep himself mobile and carry out his travel needs in a reasonable way. The car he hired is not unreasonable compared to the car under the rental agreement with Autolend. The car hire period is very close to the time the vehicle was taken in for repair, and to when the vehicle was made available for collection. Had Mr N not taken action to hire a vehicle, I'd find it reasonable that Mr N should be due back further rental payments made to his agreement whilst he was unable to drive his car. As it stands, the fairest way to redress this is for Autolend to keep the monthly rental payment, but to cover the hire car costs associated with keeping Mr N mobile. I can see Autolend raised questions around Mr N's hire car period, and that he didn't give them the opportunity to mitigate their costs here. Autolend also state within their response that there isn't an automatic right to a courtesy car. Autolend had also explained they were concerned over having to chase Mr N for the independent inspection report and that he hadn't picked the car up some time after it was repaired potentially impacting the costs.

I can see that Mr N only received the report from the engineer on 30 January 2024 and sent this to Autolend on the same day he received it. Looking at Mr N's car hire dates, he returned the car on 5 March 2024 and Autolend say he picked up the repaired vehicle around two weeks after this. Had Mr N have kept his temporary hire-car for a significant amount of time after the repairs, I wouldn't necessarily expect Autolend to cover this without further explanation, however I do find it reasonable that Mr N covered his travel needs in a responsible and adequate way, and that Autolend are responsible for covering these reasonable costs due to providing Mr N a car that wasn't of satisfactory quality when it was sold.

Autolend agreed to pay the £150 for distress and inconvenience they had offered. Autolend explained this had been paid towards Mr N's agreement. However, the investigator pointed out in their outcome that this should be paid to Mr N directly, and not paid towards the

agreement as payments for distress and inconvenience should be paid directly to a consumer. I agree that the £150 should be removed from having been paid towards the agreement, and credited directly to Mr N.

### **My final decision**

For the reasons explained I'm satisfied Lendable Ltd trading as Autolend supplied Mr N with a car that was of unsatisfactory quality. I uphold Mr N's complaint and instruct Lendable Ltd trading as Autolend to do the following:

- Refund one month's rental payment of £205.31.
- Refund the evidenced cost of the independent inspection report carried out on the vehicle to determine the faults.
- Refund Mr N's evidenced hire car costs.
- Pay 8% simple yearly interest\* on the above, to be calculated from when Mr N made the payments or incurred the costs to the date of the refund.
- Remove the £150 distress and inconvenience payment from the agreement and pay it directly to Mr N.

\*HM Revenue & Customs requires Lendable Ltd trading as Autolend to deduct tax from the interest amount. Lendable Ltd trading as Autolend should give Mr N a certificate showing how much tax it has deducted If he asks for one. Mr N can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 18 March 2025.

Jack Evans  
**Ombudsman**