

The complaint

Mr K complains about a car he acquired with credit provided by MotoNovo Finance Limited.

What happened

In October 2023 Mr K entered into a regulated hire purchase agreement with MotoNovo in relation to a used electric car. The car was eight years old, its cash price was £12,369, and its mileage was nearly 62,000 miles. It had passed its MOT test with no advisories six months earlier.

Almost immediately, Mr K encountered various problems with the car. It would fail to charge properly, and then would discharge very quickly. The rubber suspension was worn. A warning light about the airbag kept coming on. He reported these issues to MotoNovo, who arranged for the car to be inspected by an independent engineer.

The inspection happened in January 2024, when the mileage was 63,067 miles. The engineer found that the car was in generally good condition. He said that the condition of the battery was consistent with the car's age and mileage. The suspension's dust cover was damaged, but the shock absorber was fully functional. The problem with the airbag was verified, and the engineer thought that this would have been developing at the point of sale, making the dealer (and therefore MotoNovo) liable for it. Based on this evidence, MotoNovo offered to repair the suspension and the airbag at their own cost, and asked Mr K to obtain quotes. MotoNovo also offered to pay Mr K £200 for his trouble.

Mr K didn't obtain any quotes. Instead, on 3 April 2024, he arranged a second inspection, which found some fault codes with the car, including low driving range and a faulty plug lock. That garage also reported that the rubber suspension was worn out, and that the battery's performance was not satisfactory. Meanwhile, in March, Mr K had already brought this complaint to our service. He asked to reject the car.

Our investigator upheld this complaint, on the ground that the car had not been of satisfactory quality at the point of sale. She accepted the findings of the second garage. But she found that repairing the car was still a reasonable solution, and Mr K hadn't taken the car to the dealer to have all of the identified faults repaired. She thought that should happen, rather than Mr K being allowed to reject the car.

The investigator recommended that MotoNovo arrange for the dealer to collect the car from Mr K and repair it at no cost to him; provide a courtesy car during the repairs; refund the cost of the second garage's inspection (£125); refund 15% of Mr K's monthly payments; and pay him another £200 for his inconvenience (in addition to the £200 it had paid him already). After the MOT expired in April 2024, so he could no longer drive the car, the investigator said that MotoNovo should refund 100% of Mr K's monthly payments from then until the car was fixed. And she said that if the repair was not carried out within a reasonable time, then Mr K would become entitled to reject the car after all.

MotoNovo agreed with this decision in principle, and in particular it agreed to collect the car from Mr K and take it to a garage. But it said that first, Mr K would have to get two quotes

from two VAT-registered garages. This was because the dealer was unable to carry out the repairs itself, as a specialist garage was needed, and so MotoNovo wanted to ensure that the repair was economical before instructing a garage. MotoNovo pointed out that it had first asked Mr K to get these quotes back in February 2024, but as of April he hadn't done so.

Mr K still didn't agree to get quotes. He also asked that MotoNovo refund him the cost of insuring the car, and also the cost of insuring his partner's vehicle. So the investigator referred this case for an ombudsman to review it.

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.

Since the evidence of the second garage has not been challenged by MotoNovo, I will accept it. I will therefore uphold this complaint and require MotoNovo to collect the car and repair it at no cost to Mr K. It only remains for me to decide what would be fair redress.

I think that the fact that Mr K currently cannot drive the car is adequately compensated by the proposed refund of his monthly payments. The insurance is a cost that he would always have had to pay whether the car was defective or not, and this is not an expense that would usually be refunded either by our service or by the courts.

I don't think it would be reasonable to require MotoNovo to refund the cost of insuring some other vehicle; Mr K's partner would have had to insure it anyway.

So I think that the investigator's proposed redress is broadly fair. The only remaining sticking point is who should obtain quotes from garages that are capable of carrying out the repair work.

Since the car can no longer be driven, as its MOT has expired, it is no longer possible for Mr K to take the car to a garage to get a quote. However, he could have done that when he was first asked to do it. I understand why he didn't do it right away, because he wanted to get a second opinion about the problems with the car, which he obtained from the second garage in early April. But that still left him with two weeks before the MOT expired, in which to get quotes for the repair work. So for these reasons, I don't think MotoNovo's request was unreasonable when it was made; it is just no longer practical now. It will need to be towed or transported.

This situation is not ideal, but I will just have to make the best of it. MotoNovo will have to choose a garage, collect the car and take it there and get a quote, and then either instruct that garage, or take the car to a second garage and get another quote, and then choose which of those two garages to instruct. This will need to be done at no cost to Mr K, and he will have a courtesy car during that period, but a courtesy car does not need to be like-for-like with the car he has under the agreement, and I am not going to award additional compensation for any delay which may be result from the time it takes to obtain these quotes.

As I've said, I think that the delay between February and April 2024 is justified because there did turn out to be additional problems with the car which were identified in the second inspection and not in the first. But I think that some of the delay since then could have been avoided if Mr K had obtained the quotes in April before the MOT expired. So I will adjust the refund of the April monthly payment from 100% to 15%. Apart from that, I will adopt the investigator's proposed redress.

Putting things right

I require MotoNovo to:

- Arrange for the car to be collected from Mr K at a mutually convenient time, repaired (this means putting right the matters identified by both engineers), and returned to him, all at no cost to him;
- Provide Mr K with a courtesy car during the repairs;
- Refund Mr K the cost of the second garage's inspection, which is £125;
- Refund 15% of the monthly payments Mr K made up to (and including) April 2024;
- Refund 100% of the monthly payments Mr K made in and since May 2024;
- Pay Mr K £200 for his inconvenience (in addition to the £200 it has paid him already); and
- Remove from Mr K's credit file any adverse information it has reported about the agreement between 26 April 2024 and 26 November 2024.

This is without prejudice to Mr K's right to reject the car if it is not repaired within a reasonable time (disregarding any time that passes between 24 April 2024 and the date on which Mr K accepts this decision), under section 24(5)(c) of the Consumer Rights Act 2015. But what is a reasonable time will necessarily include the time it reasonably takes MotoNovo to get two quotes from different garages. And we wouldn't adjudicate a dispute about how long is reasonable as part of this complaint; this final decision brings our service's involvement in this case to an end, and any subsequent attempt to exercise the right to reject would need to be raised afresh (and MotoNovo would be entitled to eight weeks to consider a new complaint before our service could investigate it).

My final decision

My decision is that I uphold this complaint. I order MotoNovo Finance Limited to put things right in the way I have set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 23 December 2024.

Richard Wood
Ombudsman