

The complaint

Mr S complains about the quality of a car he acquired through a hire purchase agreement financed by Toyota Financial Services (UK) PLC trading as Redline Finance (Toyota).

What happened

In March 2023 Mr S acquired a used car through a hire purchase agreement financed by Toyota.

Mr S said he took the vehicle back to the dealership in August 2023 as he'd had issues with the air con (AC) and the windshield washers. The dealership completed a full health check on the vehicle and noted problems with a fluid leak, steering arms, suspension, and a cracked AC system. Repairs were authorised and completed under warranty at no cost to Mr S.

Some parts had to be ordered, and Mr S was able to collect the car in mid-October 2023. He complained to the dealership and Toyota about the time taken to repair the car, and that he wasn't provided with a courtesy car until the last couple of weeks of the repair time, so had been without a car for over a month.

In November 2023 Mr S reported further problems with the car to the dealership. He said the rear window washer wasn't working, and the touch screen was failing to work correctly. Mr S said the touch screen was replaced by the dealership prior to him acquiring the car and so, because of the ongoing problems, he asked to reject it. Mr S also reported a possible issue with a tyre pressure sensor.

Mr S referred his complaint to this service for investigation when he didn't receive a final response from Toyota.

Toyota offered to escalate Mr S's concerns for repair in December 2023. They said he couldn't reject the car as repairs had been completed.

In mid-December 2023 Mr S reported a strong smell of fumes in the car, and the vehicle was declared as SORN on 18 December 2023.

Mr S provided a report from a local garage in January 2024 which confirmed a strong smell of fumes from the engine bay, and the suspected source was around the manifold/catalytic converter. Toyota asked the dealership for their comments on this report, and the dealership said they replaced a main rear oil seal, and wouldn't have had the manifold off for this, so they didn't accept the fumes were a result of any work they'd completed.

Toyota sent Mr S their final response to his complaint in February 2024. They said any issues reported within six months had been repaired free of charge, and there was no evidence that any of these repairs had failed. They said the other issues reported appeared to be as a result of wear and tear, and so Mr S wasn't able to reject the car. They recommended that Mr S book the car in at the dealership for inspection of any ongoing

issues. They didn't uphold Mr S's complaint, but they did offer to refund one month's payment of £136.56 to recognise the time Mr S was without a car during the repairs.

Mr S didn't accept Toyota's response, he said he felt he had a right to reject the car when the initial repair was taking so long, the rear washer had already been subject to a repair, so this had failed, and the touch screen was replaced prior to him acquiring the car, so he didn't agree this was fair wear and tear.

Our investigator gave his view that the fault with the screen and the fumes made the car of unsatisfactory quality at the time it was supplied to Mr S. He said there had been an attempt to repair the car previously, and so he thought Mr S was entitled to his final right to reject it. So, Toyota should collect the car at no cost to Mr S, refund his deposit plus interest, and pay him £200 compensation for the distress and inconvenience caused. He said it was reasonable for Mr S to have stopped using the car in December 2023 and so Toyota should refund any payments made from this date, plus interest.

Mr S accepted these recommendations.

Toyota said they didn't agree that Mr S was entitled to reject the car, because he'd refused attempts to repair. They said they should have one chance to repair each issue that arises. Our investigator said Toyota had one attempt at repair, not one attempt per fault.

As Toyota didn't respond, the case has been passed to me for 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.

In considering what's fair and reasonable, I need to have regard to the relevant law and regulations. The agreement in this case is a regulated hire purchase agreement – so we can consider a complaint relating to it. Toyota as the supplier of the goods under this type of agreement is responsible for a complaint about their quality.

The Consumer Rights Act 2015 (CRA) is relevant to this complaint. It says that under a contract to supply goods, there is an implied term that the "quality of the goods is satisfactory"

To be considered "satisfactory" the goods would need to meet the standard that a reasonable person would consider satisfactory – taking into account any description of the goods, the price and other relevant factors. Those factors, in the case of a car purchase, will include things like the age and mileage of the car at the time of sale, and the car's history.

The quality of the goods includes their general condition and other things like their fitness for purpose, appearance and finish, safety and durability.

Here, the car was acquired used with a cash price of around £13,000. It was about four and a half years old and had travelled approximately 43,000 miles at the time of supply. With this in mind, I think it's fair to say that the expectation of quality is lower than that of a new car. The price for the vehicle is lower, and this is reflective of the fact that the car is more road-worn. The chance of encountering a serious issue sooner, is higher.

Mr S had a number of problems with the vehicle shortly after acquiring it, and these were rectified at no cost to him, which I think was reasonable. He's then experienced ongoing problems with the rear window washer, touch screen and fumes entering the vehicle.

I've seen evidence that the touch screen was replaced by the dealership shortly before Mr S acquired the vehicle, and I've seen evidence of it not working correctly in March 2024. I think a reasonable person would expect the screen to function without defect for a considerable period of time considering when it was replaced, and so I'm persuaded that this part wasn't reasonably durable, and therefore the vehicle was not of satisfactory quality at the time of supply.

Mr S has reported a strong smell of fumes in the car, and this has been evidenced by a local garage. It's not clear exactly what is causing this fault, but I'm persuaded that this is a particular safety concern, and that a reasonable person wouldn't expect a fault of this nature in a vehicle of this age and mileage. And so, I'm persuaded that the vehicle was not of satisfactory quality at the time it was supplied to Mr S.

Putting things right

Having made that finding, I need to decide what, if anything, Toyota should do to put things right.

Toyota have said that they should be afforded one opportunity to repair each issue that arises. The CRA sets out the remedies available where goods are considered not to be of satisfactory quality and one of the remedies is to allow an opportunity to repair the goods. If, after one repair, the goods do not conform to the contract, the CRA allows the final right to reject. So, Toyota have one opportunity to repair the goods and return them to a satisfactory condition. Not one opportunity to repair each fault that arises.

Toyota had an opportunity to repair the goods when the vehicle was returned to the dealership in August 2023, and there are ongoing faults with the vehicle. So, it has not been returned to a satisfactory condition.

All things considered; I think Mr S should be allowed his final right to reject the car. This means that the car is collected from Mr S, the finance agreement is brought to an end, and Mr S has his £4,118.37 deposit refunded (plus interest). Any adverse information about the agreement should be removed from Mr S's credit file.

Mr S said he stopped using the vehicle due to concerns with safety in December 2023. He was feeling lightheaded whilst driving the car due to the fumes and didn't feel able to transport his children in the car. I think this was reasonable, and I've seen evidence that the car was declared as SORN. So, I find that Toyota should refund any payments Mr S has made from 18 December 2023, plus interest.

Mr S has been put to distress and inconvenience in being supplied with a car that wasn't of satisfactory quality. He's had to spend time taking the vehicle to be repaired and has expressed his concern at being without a vehicle. Our investigator recommended that Toyota pay Mr S £200 compensation to reflect this. All things considered, I think £200 fairly reflects the distress and inconvenience caused.

My final decision

My final decision is that I uphold this complaint, and Toyota Financial Services (UK) PLC trading as Redline Finance must:

- End the agreement with nothing further to pay and collect the car at no further cost to Mr S

- Refund Mr S's deposit/part exchange contribution of £4,118.37, plus 8% simple yearly interest from the date of payment to the date of settlement
- Refund all payments for the period from 18 December 2023 to the date of settlement, plus 8% simple yearly interest from the date of payment to the date of settlement
- Pay Mr S £200 compensation for the distress and inconvenience caused
- Remove any adverse information from Mr S's credit file in relation to the agreement.

If Toyota considers that it's required by HM Revenue & Customs to withhold income tax from the interest part of my award, it should tell Mr S how much it's taken off. It should also give Mr S a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 10 July 2024.

Zoe Merriman
Ombudsman