

## **The complaint**

Miss T is unhappy that a car supplied to her under a conditional sale agreement with Close Brothers Limited ("Close Brothers") was of an unsatisfactory quality.

When I refer to what Miss T has said and what Close Brothers has said, it should also be taken to include things said on their behalf.

## **What happened**

In September 2023, Miss T was supplied with a used car through a conditional sale agreement with Close Brothers. She part-exchanged her car for a trade-in value of £2,000, and the balance of the agreement was for £14,352.40 payable over 60 months. The monthly payments were £239.04, including a £10 title transfer fee in the final payment. At the time of supply, the car was around six years old and had done 56,475 miles.

Miss T said she started experiencing problems with the car immediately upon supply. Within four days, she'd told the dealership about a number of faults, including the reverse jumping out of gear, exhaust noise, and evidence of a prior accident.

The dealership said the car was in good working order when it supplied it to Miss T, and she'd caused the damage by tampering with the gearbox. The dealership pointed out that it passed the MOT just a few days before supply. Unhappy with the dealership's response, Miss T complained to Close Brothers.

Close Brothers investigated Miss T's concerns. It received the same response from the dealership, so Close Brothers arranged an independent inspection. The outcome of the inspection was that the car would've been faulty when it was supplied. Based on this evidence, Close Brothers upheld Miss T's complaint and agreed to:

- the return of the car;
- end the agreement;
- refund the £2,000 deposit, and
- pay £200 compensation for the distress and inconvenience caused.

Close Brothers said it would deduct a fair usage payment, equivalent to one monthly instalment, for every 1,000 miles travelled.

Miss T didn't think Close Brothers had offered enough compensation. She said that because of the time she'd been without the use of a car, the distress had exacerbated her health problems causing her to be absent from work. So she brought her complaint to us.

One of our investigators looked into the complaint and he thought Close Brothers had made a fair offer to resolve the complaint. While he sympathised with Miss T's position, and the health problems she'd experienced, our investigator thought Close Brothers had correctly ended the agreement and returned Miss T's money. He thought the compensation was fair and reasonable.

Miss T didn't agree. She said the compensation didn't go far enough to address the health problems and time off work the matter caused her.

Because Miss T didn't agree, the complaint was passed to me to make a final 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.

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. Miss T was supplied with a car under a conditional sale agreement. This is a regulated consumer credit agreement which means we are able to investigate complaints about it.

The Consumer Rights Act 2015 (CRA) covers agreements such as the one Miss T entered into. Under this agreement, there is an implied term that the goods supplied will be of satisfactory quality. The CRA says that goods will be considered of satisfactory quality where they meet the standard that a reasonable person would consider satisfactory – taking into account the description of the goods, the price paid, and other relevant circumstances.

So, if I thought the car was faulty when Miss T took possession of it, or that the car wasn't sufficiently durable, and this made the car not of a satisfactory quality, it'd be fair and reasonable to ask Close Brothers to put this right.

### **Undisputed Fault**

In this instance, it's not disputed there was a problem with the car, nor that this fault was present when the car was supplied to Miss T. 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 I think Close Brothers should do to put things right.

### **Putting things right**

#### **Payments**

Miss T was able to use the car while it was in her possession. This is evidenced by the fact that the car had done over 1,000 miles in the time she had it. Because of this, I think it would be fair that she pays for this usage. Close Brothers said it would refund Miss T's payments less the equivalent of one monthly instalment for every 1,000 miles. I think that would've been reasonable in the circumstances.

However, I've noted that Close Brothers had already refunded to Miss T the two payments she'd made. I asked whether it would be seeking to recover one of those payments to cover the fair usage fee. Close Brothers said that, given the passage of time, it would waive the fee. It confirmed that all payments had been refunded to Miss T.

As Close Brothers would've been entitled to charge for the fair usage, Miss T has benefited from its decision to waive the £239.04 fee. I think that's a fair and reasonable outcome.

### Return of the car

When Miss T brought her complaint to us, Close Brothers had already collected the car and returned it to the dealership. Because the dealership wouldn't return the trade-in payment, Close Brothers refunded £2,000 to Miss T which was equivalent to the value of the car she part-exchanged as her deposit. It also paid £200 compensation for the distress and inconvenience she'd experienced. I'm satisfied this is in line with the CRA, and fair and reasonable in the circumstances.

### Compensation

It's clear that Miss T has been inconvenienced by this matter, and I've thought carefully about the circumstances she described. Close Brothers arranged the car inspection and agreed with Miss T that it was not of satisfactory quality. I think it reached this conclusion promptly and the account notes show that it kept Miss T informed. It took a few weeks for the car to be collected and during that time Miss T told Close Brothers about her financial difficulties. It arranged a refund of both payments she'd made towards the car before it was collected. I'm satisfied that was fair.

Thinking about the health problems Miss T said this matter caused or exacerbated, the evidence doesn't persuade me that further compensation is warranted. Close Brothers paid £200 for the distress and inconvenience caused and it waived the fair usage fee. Alongside its prompt agreement for the return of the car and the refund of the payments and deposit, I'm persuaded that Close Brothers' compensation payment was fair and reasonable in the circumstances.

Therefore, I see no reason to ask Close Brothers to do any more here.

### **My final decision**

For the reasons explained, I don't uphold Miss T's complaint about Close Brothers Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 11 December 2024.

Debra Vaughan  
**Ombudsman**