

The complaint

Mrs S complains about a car supplied to her using a hire purchase agreement taken out with Lendable Ltd trading as Autolend ("Autolend").

What happened

Mrs S referred a complaint to us along with her representative. As the complainant is Mrs S, for ease, I have addressed my decision to her only throughout, when referring to what she and her representative have told us.

In December 2023, Mrs S signed a hire purchase agreement with Autolend to acquire a used car. The car was around seven years old, the cash price of the car recorded on the agreement was £7,000, the agreement was for 48 months, made up of 47 regular, monthly repayments of £187.43, followed by a final payment of £192.80, which didn't include a £25 option to purchase fee. The advance payment recorded on the agreement was £1,000. The mileage recorded on the agreement for the car was 67,212 miles.

Mrs S took possession of the car in January 2024, and within a day or so she said she identified various issues, including the car's tracking, suspension, and clutch. So, Mrs S complained to Autolend about the quality of the car in early February 2024 as she wanted to reject the car.

The car was arranged by the supplying dealership for repairs to be carried out and it was returned back to Mrs S a week or so later. Mrs S said the repairs hadn't resolved the issues with the car. Mrs S supplied a photo of the car's dashboard to show the tyre pressure monitoring system ("TPMS") warning illuminated, as well as the engine management light ("EML").

In March 2024, Mrs S took the car to a third-party garage to carry out a safety check and inspection, at a cost of £90. The mileage recorded on the invoice for the car was 67,962 miles. Several issues were noted, ranging from the car's side mirrors, tyre pressure monitoring system ("TPMS"), clutch pedal, air conditioning, and engine oil leak, to name a few.

In April 2024, the supplying dealership arranged for the car to be collected and for an independent inspection to be carried out. The conclusions of the report found the car to be fault-free. The mileage of the car recorded on the report was 67,965 miles.

Mrs S refused to take the car back and referred her complaint to our service.

Our investigator upheld the complaint and said, among other things, that she thought the car had a fault, as it originally went in for repairs soon after the point of supply and she thought the car wasn't of satisfactory quality, considering it hadn't been driven many miles. The investigator went on to explain that she thought Mrs S expressed her short term right to reject the car, which should have been allowed.

Autolend disagreed with the investigator's findings. Autolend didn't believe there was a fault with the car which meant Mrs S could reject it.

In August 2024, Mrs S informed our service that she was notified by DVLA that the car has now been sold on and that she had received some reimbursements by Autolend as well as the credit intermediary. Our investigator contacted Autolend to see if they still disagreed with her findings, considering they had actioned some of the things she was directing them to do. And also, as the car had been sold on.

Autolend confirmed they still disagreed and that the supplying dealership had taken the car back as a gesture of goodwill, but not as acceptance of a fault. As Autolend disagreed with the investigator's view, the complaint was passed to me to decide.

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'm upholding this complaint and I'll explain why below.

I'm aware I have summarised events and comments made by both parties very briefly, in less detail than has been provided, largely in my own words. No discourtesy is intended by this. In addition, if there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is a fair outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as an alternative to the courts.

Mrs S complains about a car supplied to her under a hire purchase agreement. Entering into consumer credit contracts such as this is a regulated activity, so I'm satisfied I can consider Mrs S's complaint about Autolend.

When considering what's fair and reasonable, I take into account relevant law and regulations. The Consumer Rights Act 2015 ("CRA") is relevant to this complaint. The CRA explains under a contract to supply goods, the supplier – Autolend here – has a responsibility to make sure goods are of satisfactory quality. Satisfactory quality is what a reasonable person would expect – taking into account any relevant factors.

I would consider relevant factors here, amongst others, to include the car's age, price, mileage and description. So, it's important to note that the car Mrs S acquired was used, around seven years old, had been driven around 67,215 miles and cost £7,000. I think a reasonable person would accept that it would not be in the same condition as a new car and was likely to have some parts that are worn.

What I need to consider is whether the car was of satisfactory quality when it was supplied. And in order to do that, I first need to consider whether the car developed a fault.

Had the car developed a fault?

Mrs S says she identified various issues with the car, including the car's tracking, suspension, and clutch. Mrs S said that the supplying dealership arranged for the car to be repaired by a third-party garage on 18 January 2024 – around two weeks after it was supplied to Mrs S. Mrs S didn't get the car back until 7 February 2024, almost three weeks later.

While job sheets haven't been supplied for the works carried out, Autolend say in their submissions to our service that Mrs S requested repairs to the clutch and the car was repaired and finalised on 7 February 2024.

So, from what I have been told, I think it is likely the car had a fault in January 2024 in relation to the car's clutch, as it was with the repairing garage for around three weeks, and as above Autolend notes it did complete a repair. Had the car not developed a fault, then I would have expected the car to have been returned to Mrs S much sooner, without a repair having been carried out.

What is in dispute, however, is whether the car still has a fault. Since the car was returned to Mrs S in February 2024, she believed issues still persisted and further issues arose. Mrs S supplied a photo of the car's dashboard which was taken less than a week after she had her car back. The photo showed several warning lights appearing, which related to the car's TPMS, battery, oil and engine. Mrs S also supplied a safety check and report completed by a third-party garage in March 2024. The mileage of the car at the time was 67,962 miles and it identified around 23 issues in total.

Some of the issues identified I do not consider to be faults with the car. I say this because the car acquired was used and I would expect to see parts and components which are worn on a used car. Having said that, some of the other issues identified were:

*"...Both mirrors not adjusting electronically
Passenger wing mirror power folding inoperative
Faults current in door control module ECU for nearside mirror motor
TPMS warning on dash – sensors not detected
Faults current in body control module ECU for tyre pressure sensors...
Clutch pedal makes banging noise from gearbox when engaged...
Inlet pipe bolt to turbo too long, not secure & fouling on turbo...
Engine oil leaks – possible sump or crackshaft seal & turbo...
All 4 wheels buckled/have flat spots..."*

Autolend believe the car no longer presents a fault. They say this because they relied on the findings of an independent inspection report which was completed in April 2024, a couple of weeks later, and with around the same mileage, at 67,965 miles. The report said:

*"...reports of TPMS warning light illumination, battery light illumination, oil warning light illumination and brake warning light illumination...
... On an under-bonnet examination, the engine oil and coolant levels were correct with no visible evidence of leakage.
...can confirm that there was no relevant fault codes stored or pending.
We then started the vehicle... with no abnormal noise or warning light illumination...
...In our opinion, no warning were present... and no fault codes were present.*

We were unable to replicate the reported warning lamps or fault codes, and therefore, we see no reason why the vehicle cannot return to service use."

Mrs S said she was surprised with the findings of the inspection report, as she had photo evidence of warning lights appearing on the car. And she said she was shown some of the issues the third-party garage she instructed had identified. Mrs S believes that works were carried out to the car before it was inspected.

On balance, I'm more persuaded by the findings of the March 2024 report completed by the third-party garage than those made by the inspection report in April 2024. I say this because, some of the issues found were consistent with the warning lights Mrs S has shown to appear

shortly after her car was returned to her. And I consider the report to have been a more thorough investigation carried out to the car to determine whether a fault remained with it, compared to the April 2024 inspection as a significant amount of issues had been identified.

I'm satisfied from what I have seen that there are faults with the car's side mirrors and tyre pressure monitoring system ("TPMS"), to name a few. There also appears to still be an issue with the clutch pedal, but I make no finding on this as I haven't been supplied with job sheets to show what repairs were carried out initially to the clutch.

Was the car of satisfactory quality at the point of supply?

Considering the fault presented itself shortly after the car was acquired, with less than 1,000 miles driven, I'm satisfied the fault was likely present or developing at the point of supply.

Remedies under the CRA

A consumer, like Mrs S, has 30 days to reject a car that's of unsatisfactory quality from the day after the point of supply. And within that time, if the consumer asks for a repair, then a waiting period starts on the day of the request and ends on the day the car is returned.

As Mrs S informed Autolend that she returned the car to be repaired on 18 January 2024, I think a waiting period should have started on this day and should have ended on the day when repairs had completed. So I think Mrs S's time limit for short-term right to reject was paused from 18 January 2024 to 7 February 2024, when the car was ready to be collected.

Mrs S told Autolend on 2 February as well as on 13 February, once the car was repaired that she wanted to reject the car. Considering everything here, I'm satisfied Mrs S had a short term right to reject the car and exercised this right within the time limits set out in the CRA. It follows I'm satisfied Autolend should have allowed her to reject the car on 13 February 2024, when further issues presented themselves.

However, in any event, I'm mindful that I've been told that the car has now been sold on by the supplying dealership. So, even if I was to reach a finding that Mrs S shouldn't be allowed to reject the car as there wasn't a fault present with it, there is no longer a car to return to Mrs S. So, in all the circumstances, I think it would be fair and reasonable for Mrs S to reject the car and for the agreement to end, if it hasn't happened already.

Other costs

Mrs S had issues with the car within a day or so of acquiring it. And most of the time the car was in for repairs. With all this in mind, I think Mrs S should be reimbursed all monthly payments she made towards the agreement. I'm aware that Mrs S may have stopped making payments towards the car and some have already been reimbursed to her. So, Autolend only need to reimburse payments made and should not hold Mrs S liable for any arrears nor associated charges.

As I'm satisfied the car wasn't of satisfactory quality at the point of supply and that Autolend needs to do more to put things right, I'm satisfied adverse information reported to Mrs S's credit file in relation to this complaint, should also be removed, if any.

Mrs S has supplied an invoice of £90, dated 19 March 2024. I'm satisfied that this additional cost Mrs S incurred was made to identify issues with the car to support it wasn't of satisfactory quality at the point of supply. It follows that I think it is fair Mrs S is reimbursed this cost, if she can show to Autolend payment was made for it.

I think it must have been frustrating for Mrs S to have to deal with the car's fault. It meant that immediately after acquiring the car, it broke down and it continued to have problems. Mrs S didn't continue to drive the car and from my understanding, it has now been sold on. Thinking about all this, I think it would be fair and reasonable for Autolend to pay Mr B £250 in total to reflect the distress and inconvenience she suffered in relation to this complaint.

My final decision

For the reasons I've explained, I uphold this complaint and I instruct Lendable Ltd trading as Autolend to put things right by doing the following:

- End the agreement (if this has not been done already) with nothing further to pay.
- Collect the car (if this has not been done already) at no further cost to Mrs S.
- Refund Mrs S's advance payment towards the agreement of £1,000. If any part of this advance payment was made up of funds through a dealer contribution, then Autolend doesn't need to refund this amount. *
- Reimburse Mrs S all monthly repayments she made towards the agreement until the date of settlement. *
- Reimburse Mrs S the cost of the report completed on the car on 19 March 2024. This should be paid on production of evidence to Autolend to show that payment was made by her. *
- Pay Mrs S £250 to reflect the distress and inconvenience caused.
- Remove any adverse information from Mrs S's credit file in relation to the agreement, if any.

* These amounts should have 8% simple yearly interest added from the time of payment to the time of reimbursement. If Autolend considers that it's required by HM Revenue & Customs to withhold income tax from the interest, it should tell Mrs S how much it's taken off. It should also give Mrs S a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue and Customs if appropriate.

If Autolend has already given compensation in relation to this specific complaint, the final amount should be less the amount already given.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 2 April 2025.

Ronesh Amin
Ombudsman