

## **The complaint**

Mrs P complains that a car that was supplied to her under a hire purchase agreement with Black Horse Limited, trading as Land Rover Financial Services, wasn't of satisfactory quality.

## **What happened**

A used car was supplied to Mrs P under a hire purchase agreement with Land Rover Financial Services in June 2022. The price of the car was £70,549, she paid a deposit of £1,520 and agreed to make 47 monthly payments of £1,084.82 and a final payment of £33,986 to Land Rover Financial Services.

The car was destroyed by fire in February 2023 and Mrs P, acting through a legal adviser, complained to Land Rover Financial Services that the car was defective. Land Rover Financial Services said that there was no evidence to suggest that a fault was present with the car at the point of sale. It then arranged for the car to be inspected by an independent expert and said that, after reviewing the inspection report, there was no evidence that the fire had occurred due to the previous repairs that were completed, or that it was related to the points raised by Mrs P's legal adviser.

Mrs P wasn't satisfied with its response so complained to this service. Her complaint was looked at by one of this service's investigators who, having considered everything, thought that it should be upheld. He said that he didn't believe that the car was of satisfactory quality at supply. He recommended that Land Rover Financial Services should: refund Mrs P's deposit of £1,520, the monthly payments made from July 2023 and additional expenses totalling £4,714.12 (which he then revised to £3,194.12), all with interest; pay £500 compensation for the trouble and upset that's been caused; and remove any adverse information about the agreement from Mrs P's credit file.

Mrs P didn't agree with the investigator's recommendation and asked for her complaint to be considered by an ombudsman. She has responded to the investigator's recommendation in detail and says, in summary and amongst other things, that:

- she should be refunded for all of her monthly payments as the car wasn't of satisfactory quality from the moment it left the factory (or at the very least they should be refunded from the date of the fire);

- she wasn't provided with a replacement car by Land Rover Financial Services so had to hire a car and it was only after she said that she was going to take legal action that it said that it would pay for the hire car – and the hire car would've cost about half of the cost of the car that she was paying for under the hire purchase agreement so she should be refunded for at least 50% of her monthly payments;
- her insurance premiums are now over £1,000 more than they were prior to the fire; and
- she should receive £5,000 compensation.

She also asks how she can get proof that there's no adverse information about the hire purchase agreement on her credit file. The investigator then explained why he wasn't changing his recommendation.

### **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.

Land Rover Financial Services, as the supplier of the car, was responsible for ensuring that it was of satisfactory quality when it was supplied to Mrs P. Whether or not it was of satisfactory quality at that time will depend on a number of factors, including the age and mileage of the car and the price that was paid for it. The car that was supplied to Mrs P was about three years old, had been driven for 13,355 miles and had a price of £70,549. Satisfactory quality also covers durability which means that the components within the car must be durable and last a reasonable amount of time – but exactly how long that time is will depend on a number of factors.

There was an issue with the car's brakes a few months after it was supplied to Mrs P and the car broke down which led to a new power distribution unit being fitted under warranty in October 2022. There was another issue with a secondary battery powering the brakes in January 2023 so the car was repaired but then had to be repaired again.

The car caught fire while being driven in February 2023. Land Rover Financial Services arranged for the car to be inspected by an independent expert in April 2023. The inspection report concludes:

*"We do not consider the selling agent or the previous repairer is responsible for the cost of repairs and should be considered by the road risk insurers for the vehicle in relation to the thermal incident".*

Mrs P then arranged for the car to be inspected in May 2023. That inspection report concludes:

*"With the evidence currently available to me it is my considered opinion that the most likely cause of this fire was the failure of the water pump belt, which in turn caused the vehicles engine to rapidly overheat and an uncontrolled release of engine coolant fluid. Given the presence of a hot surface of sufficient temperature ignition occurred which resulted in a fire that propagated to the surrounding combustible materials within the engine compartment. The evidence observed throughout the vehicle inspection was indicative of the information provided within the NHTSA Safety Recall, pertaining to this specific make and model of vehicle".*

The investigator considered the two inspection reports in detail and he said that he was most persuaded by the May 2023 report. The car manufacturer also said in an e-mail that the fire was most likely related to an issue that led to a safety recall notice. I understand that the car that was supplied to Mrs P wasn't subject to a safety recall at the time of the fire but that a UK recall was released about three months later. Having reviewed both reports, the safety recall information and the evidence about the issues with the car before the fire, I consider it to be more likely than not that the car wasn't of satisfactory quality when it was supplied to Mrs P. I consider that Mrs P's complaint should be upheld and that Land Rover Financial Services should take the actions that I've described below to put things right.

### **Putting things right**

As the car was destroyed by the fire, Mrs P's insurer made a payment of £54,594 to Land Rover Financial Services to settle the hire purchase agreement in April 2024 and a payment of £11,105 was made to Mrs P for the remaining value of the car at that time. Her insurer also paid her £1,500 for her possessions that were in the car and that were also lost in the fire.

The hire purchase agreement shows that Mrs P paid a deposit of £1,520 for the car. I find that it would be fair and reasonable for Land Rover Financial Services to refund to her the deposit that she paid, with interest.

The car was supplied to Mrs P in June 2022 and the hire purchase agreement shows that its mileage at that time was 13,355 miles. I've seen evidence to show that the car's mileage twelve days before the fire was 26,095 miles so the car had been driven for almost 13,000 miles in about eight months since it was supplied to Mrs P. It's clear that there were some issues with the car during that time but I consider that it's fair and reasonable to expect Mrs P to pay for the use that she had from the car between June 2022 and February 2023 so I'm not persuaded that it would be fair or reasonable for me to require Land Rover Financial Services to refund to her the monthly payments that she made under the hire purchase agreement for that period.

Mrs P says that she wasn't provided with a replacement car by Land Rover Financial Services after the fire so she had to hire a car and it was only after she said that she was going to take legal action that it said that it would pay for the hire car. She also says that the hire car would've cost about half of the cost of the car that she was paying for under the hire purchase agreement so she should be refunded for at least 50% of her monthly payments. I understand that Land Rover Financial Services paid for a hire car for Mrs P for the period from the fire to July 2023. That car may have been of a lower standard than the car that was supplied to her under the hire purchase agreement but, as she was provided with a car for that period at Land Rover Financial Service's cost, I'm also not persuaded that it would be fair or reasonable for me to require it to refund to Mrs P the monthly payments that she made under the hire purchase agreement for the period from the fire until July 2023. But I find that it would be fair and reasonable for Land Rover Financial Services to refund to Mrs P the monthly payments that she made under the hire purchase agreement from July 2023 until the agreement was settled, with interest.

Mrs P paid £3,012.12 for the May 2023 inspection report, £102 for a fire brigade report and £80 to retain her personalised number plate. I find that it would be fair and reasonable for Land Rover Financial Services to pay £3,194.12 to Mrs P, with interest, to reimburse her for those costs.

The fire will have been a distressing experience for Mrs P and I appreciate that she's been caused distress and inconvenience by these events. Mrs P says that she should receive

£5,000 compensation but I'm not persuaded that an award of compensation at that level is justified in these circumstances. It's clear that Mrs P has been caused considerable distress and inconvenience and I agree with the investigator that it would be fair and reasonable for Land Rover Financial Services to pay £500 to Mrs P to compensate her for the distress and inconvenience that she's been caused. Mrs P says that her insurance premiums are now over £1,000 more than they were prior to the fire but I'm not persuaded that it would be fair or reasonable for me to require Land Rover Financial Services to reimburse her for any increase in her insurance premiums.

I've not seen any evidence to show that Land Rover Financial Services has recorded any adverse information about the hire purchase agreement on Mrs P's credit file. But if it has recorded any such information, I find that it would also be fair and reasonable for it to remove that information. Mrs P can obtain a copy of her credit file from any of the credit reference agencies and it should include no adverse information about the hire purchase agreement (but it could take up to about eight weeks for any adverse information to be removed).

The complaint letter that Mrs P's legal adviser sent to Land Rover Financial Services included claims for other amounts that it said should be paid to Mrs P. The investigator didn't agree that they should be refunded to Mrs P and he provided brief reasons why. Mrs P hasn't responded to the investigator's recommendation on those issues and I agree with the investigator that it wouldn't be fair or reasonable for Land Rover Financial Services to be required to pay those amounts to Mrs P for the same reasons that he gave.

### **My final decision**

My decision is that I uphold Mrs P's complaint and I order Black Horse Limited, trading as Land Rover Financial Services, to:

1. Refund to Mrs P the deposit that she paid for the car.
2. Refund to Mrs P the monthly payments that she made under the hire purchase agreement for the period from July 2023 until the agreement was settled.
3. Pay £3,194.12 to Mrs P to reimburse her for the cost of the May 2023 inspection report, the fire brigade report and the number plate retention fee.
4. Pay interest on the amounts at 1, 2 and 3 above at an annual rate of 8% simple from the date of each payment to the date of settlement.
5. Remove any adverse information about the hire purchase agreement that it's recorded on Mrs P's credit file.
6. Pay £500 to Mrs P to compensate her for the distress and inconvenience that she's been caused.

HM Revenue & Customs requires Land Rover Financial Services to deduct tax from the interest payment referred to at 4 above. Land Rover Financial Services must give Mrs P a certificate showing how much tax it's deducted if she asks it for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 12 November 2024.

Jarrold Hastings  
**Ombudsman**