

The complaint

Mr A has complained about the quality of a car provided on finance by Honda Finance Europe Plc trading as Honda Financial Services (Honda).

What happened

Honda supplied Mr A with a used car on a hire purchase agreement in April 2023. The cash price of the car was around £23,400 and it had covered around 4,000 miles since first registration in July 2022. The hire purchase agreement required payments of around £230 for 35 months followed by a final payment of around £11,400. Mr A paid a deposit of around £8,000.

Soon after taking delivery of the car Mr A said the speedometer had changed from miles per hour to kilometres per hour. He sought help from the dealer who I'll call W.

Mr A said that W sent him a video which explained how to change the speedometer back to miles, but it didn't work. Mr A said he let W know but they didn't help.

Mr A said he took the car to another garage who connected the car to a computer to change it from kilometres to miles. Mr A said that garage wasn't helpful in giving him advice to stop this happening in the future.

Mr A said the car changed from miles back to kilometres while he was on a trip, he said he hadn't touched anything to change it. Mr A booked the car back in for an inspection, however he was unhappy with being charged for a diagnostic, so didn't continue.

Mr A said he also had an issue with fitting a tracker for his insurance policy so felt he had no choice but to return the car.

Mr A's representatives made an arrangement with W for the car to be returned and agreed a financial settlement. W settled the finance agreement and paid Mr A around £10,600. But Mr A said this didn't cover his losses which he said were around £12,200 not including the monthly payments he had made.

Mr A complained to Honda. He said he exercised his right to reject within the first 30 days in writing and as such he should get a full refund, including consequential losses and monthly repayments.

Honda said that Mr A had reported a problem with the car just within the first 30 days but had told them he was sorting things out with the dealer. After investigating the complaint, they said that there wasn't a fault with the speedometer, and that as W had agreed to take the car back any questions on the settlement should be directed to them.

Mr A decided to refer his complaint to the Financial Ombudsman. He also said that he was lied to about the distance the car could travel on one charge.

An investigator here looked at the complaint. He said that there wasn't sufficient evidence that there was a fault which made the car of unsatisfactory quality. He didn't recommend that Honda do anything to resolve the complaint.

As Mr A disagreed the case has been 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.

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I've read and considered the evidence submitted by both parties, but I'll focus my comments on what I think is relevant. If I don't comment on a specific point, it isn't because I haven't considered it, but because I don't think I need to comment in order to reach what I think is the right outcome. This is not intended as a discourtesy but reflects the informal nature of this service in resolving disputes.

The agreement in this case is a regulated consumer credit agreement. As such, this service is able to consider complaints relating to it. Honda is also the supplier of the goods under this type of agreement, and responsible for a complaint about their quality.

The Consumer Rights Act 2015 (CRA) is of particular relevance 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".

The CRA says the quality of goods are satisfactory if they meet the standard that a reasonable person would consider satisfactory taking into account any description of the goods, the price and all the other relevant circumstances. In a case involving a car, the other relevant circumstances might include things like the age and mileage at the time of supply and the car's history.

The CRA says the quality of the goods includes their general state and condition and other things like their fitness for purpose, appearance and finish, freedom from minor defects, safety, and durability. The CRA provides for customers to be able to reject the goods if not of satisfactory quality within 30 days from the day after the date of delivery.

Mr A says that he should have been allowed to reject the car as he told W and Honda that he didn't want it in the first 30 days. There is no dispute that Mr A did attempt to exercise a right to reject in the first 30 days and I can see that Honda were aware of this.

However just because Mr A told Honda and W that he no longer wanted the car within 30 days, this on its own doesn't mean the car should be taken back. I say this because Mr A could only exercise the short term right to reject if he had grounds for doing so – for example if the car wasn't of satisfactory quality.

As a starting point there would need to be some evidence of what the fault was. And secondly, that the fault renders the car of unsatisfactory quality. The only evidence I have is Mr A's testimony that the speedometer would change to kilometres by itself. Conversely Honda have provided emails from W which indicate the car was inspected, and no mechanical or electrical fault could be found.

Mr A said he took the car to another garage after the speedometer changed again, but he hasn't been able to provide sufficient evidence of this. I asked our investigator to attempt to get some further evidence from the garage, but they were unable to confirm they had seen the car or that there was a fault.

I've not seen sufficient evidence to clearly say that there was a fault, and that fault made the car not of satisfactory quality. I've considered Mr A's testimony, but I haven't seen anything else such as an independent report or even job cards from the other garage. Clearly if the settings changed part way through a trip this would suggest there was an issue. I'm not saying something definitely didn't go wrong, merely that I don't think it would have been unreasonable for Honda to have expected there to be some sort of supporting evidence for the fault.

Moreover I'm considering how Honda responded to the claim. I'm conscious that Honda did carry out enquiries and it was told that an agreement had been reached with Mr A and W. It seems as though Mr A's representative agreed the return with W, so it is not clear it was unreasonable of Honda to have thought matters were resolved, and for it not to have taken further steps.

Mr A also said he had an issue fitting a tracker for his insurance policy. But I haven't seen anything which would lead me to think this meant there was a fault with the car which made it of unsatisfactory quality.

He's also said he was lied to about the distance the car could cover on one charge. But it doesn't appear that he raised this with Honda, so I haven't addressed this in my decision. Mr A can contact Honda to make this complaint if he wants to pursue it.

If I could make a finding that the car wasn't of satisfactory quality at the point of supply, then the remedy might include the return of the car and the agreement being unwound. I understand the car has been returned and the agreement has been settled in full by W. This was agreed between Mr A's representative and W, and was not an arrangement made with Honda.

Mr A says he's lost out because he paid out around £12,200 plus monthly payments and only received a refund of around £10,600. It's not unfair that he pays for his use of the car albeit that was only around 350 miles. There would only be grounds for me to direct Honda to refund any further sums if there was evidence the car wasn't of satisfactory quality.

I appreciate Mr A is unhappy he feels he's lost out. I'm sorry to disappoint Mr A, but without sufficient evidence of a fault which made the car of unsatisfactory quality, I find I don't have the grounds to direct Honda to refund anything further.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 7 March 2025.

Caroline Kirby
Ombudsman