

## **The complaint**

Miss D complains about the quality of a car she has been financing through an agreement with STARTLINE MOTOR FINANCE LIMITED (Startline).

## **What happened**

Miss D took receipt of a used car in July 2023. She financed the deal through an agreement with Startline. At the point of supply the car was a little over seven years old and had already completed about 78,000 miles.

In February 2024 the car broke down and it hasn't been driven since. Miss D took it to a garage, and they explained that the turbo had failed. They thought it likely that the engine had been damaged as a result.

Miss D complained to Startline and they asked her to commission an independent inspection.

The independent inspector agreed that the turbo had failed and that it was likely there was engine damage as a result. The inspector noted that the turbo had been replaced at some point as it wasn't "original equipment". On balance, it was the independent inspector's view that the fault wasn't likely to have been present when the car was supplied to Miss D given that she'd been able to drive 5,000 in it since inception of the agreement.

Startline therefore didn't uphold Miss D's complaint. She referred it to this Service and our inspector provided an opinion. He didn't think the replacement turbo had been durable and as repairing the car wouldn't be viable, he thought Startline should allow Miss D to reject the car.

Startline didn't agree. They explained that the independent inspector had not supported the claim and that if there had been anything wrong with the turbo when the car was supplied, they thought it likely Miss D wouldn't have been able to drive the 5,000 miles she had in the car. They asked for a final decision by an ombudsman, so the complaint has been referred to me.

## **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.

I know it will disappoint Startline, but I don't think this car has been durable and I think they should allow Miss D to reject it. I'll explain why.

Where the information I've got is incomplete, unclear, or contradictory, as some of it is here, I have to base my decision on the balance of probabilities.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point, it's not because I've failed to take it on

board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

Miss D acquired her car under a hire purchase agreement. This is a regulated consumer credit agreement and as a result our service is able to look into complaints about it.

The Consumer Rights Act (2015) is the relevant legislation. It says that the car should have been of satisfactory quality when supplied. If it wasn't then Startline, who are also the supplier of the car, are responsible. The relevant law also says the quality of goods is 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. When we consider satisfactory quality, the relevant legislation explains that we should consider whether goods have been durable.

In a case like this which involves a car the other relevant circumstances would include things like the age and mileage at the time the car was supplied to Miss D. The car here was a little over seven years old and had already completed about 78,000 miles.

An old car with a high mileage will not be expected to be as good as a newer car with a low mileage, but it should still be fit for use on the road, in a condition that reflects its age and price.

As the fault with the turbo didn't present itself for some time I can understand, and the relevant legislation would support, the need for Miss D to demonstrate that the fault was present when the car was supplied. The independent inspector didn't think that was the case, but I can't see that he considered whether the car had been durable. The inspector noted that the turbo wasn't the one that had been fitted when the car was first manufactured and that it appeared new. Online research would suggest that a turbo should last for the life of the car or at least 80,000 miles and I think it's, therefore, more likely than not that this new turbo failed prematurely. The car had only completed about 83,000 miles when it failed.

The relevant legislation allows a business one opportunity to repair a car in those circumstances. But here it seems, and I'm persuaded, that a repair wouldn't be economically viable. So, I think the fairest resolution would be for Startline to allow Miss D to reject the car,

### **Putting things right**

Startline should collect the car at no cost to Miss D and they should end the finance agreement.

They'll need to refund any deposit Miss D has paid and, as she's been deprived of that money, they will need to add interest to that refund.

Miss D has had to commission reports on the car's condition in order to support her claim. I think those costs have been incurred as a consequence of the car being of unsatisfactory quality. So, Startline should refund the cost of those reports on provision of receipts from Miss D. They should add interest to those refunds too.

Miss D has been inconvenienced by these issues. She's had to source another car to keep mobile and pay for that car while still paying for this agreement. In those circumstances Startline should pay her £150 compensation for the distress and inconvenience she's experienced.

Miss D had fair use of the car until it broke down in February 2024 and it's only fair that she paid for that use through her monthly finance instalments. But Miss D hasn't been able to

use the car since then so Startline should refund any monthly instalments Miss D has paid since February 2024 in respect of the loss of use she's experienced. They will need to add interest to that refund as Miss D has been deprived of the money.

### **My final decision**

For the reasons I've given above I uphold this complaint and tell STARTLINE MOTOR FINANCE LIMITED to:

- Allow Miss D to reject the car and end the finance agreement.
- Collect the car at no cost to Miss D.
- Refund any deposit that has been paid and add 8% simple interest\* per year from the date of payment to the date of settlement.
- Refund the cost of Miss D's independent report on provision of receipts and the mechanical assessment she paid for. Add 8% simple interest\* per year from the date of payment to the date of settlement.
- Pay Miss D £150 to compensate her for the distress and inconvenience she's experienced.
- Refund any finance instalments paid from, and including, February 2024. Waive any that were due and haven't been paid. Add 8% simple interest\* per year from the date of payment to the date of settlement.
- Remove any adverse reports they may have made to Miss D's credit file in relation to this issue.

\*If HM Revenue & Customs requires the business to take off tax from this interest, they must give the consumer a certificate showing how much tax it's taken off if the consumer asks for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 30 October 2024.

Phillip McMahon  
**Ombudsman**