

The complaint

Miss T has complained that a car she acquired, using finance from Zopa Bank Limited, isn't of satisfactory quality.

What happened

On 14 September 2022, Miss T entered into a finance agreement with Zopa, for a used car. However, she soon noticed cosmetic issues, which hadn't been included in the car's advert. She contacted the broker, who told her she was responsible for putting any issues right. This led her to seek two inspection reports, which both showed not only cosmetic issues, but damage consistent with the car having been involved in a collision. One of the reports highlighted potential structural damage, due to impact. This wasn't something Miss T had been made aware of before entering into the agreement.

Miss T passed the reports to the dealership, and it agreed to repair some of the cosmetic issues. But she didn't feel this went far enough, so complained to Zopa. Zopa looked into things, and commissioned its own report. This stated that the cosmetic issues should be repaired by the dealership. However, a later update to the report said that damage to a wheel rim should be excluded, as this seemingly happened after the point of supply. On this basis, Zopa said it would arrange for the cosmetic issues in its report to be rectified, and awarded miss T £150 for the distress and inconvenience caused.

Miss T brought her complaint to our service, because she felt the structural issues, identified in one of her reports, should also be addressed.

One of our investigators looked into what had happened. He noted that the car was just over three years old, and had almost 11,000 miles on the clock when it was supplied. So, it was reasonable to expect that parts of the car might have already suffered wear and tear. And there's a greater risk this car might need repair and/or maintenance sooner than a newer car. That said, he was satisfied there were faults with the car. Indeed, Zopa had already partially accepted this, and said it would carry out cosmetic repairs.

So, the key to the dispute is the structural damage identified in one of Miss T's reports. And, our investigator found this report persuasive, in part because it was detailed. It stated:

"NSF steering bent (toe inwards). Evidence of excessive negative camber. Due to level of damage – requires new steering rack – track rod end, swivel bearing (hub), shock absorber and lower wishbone (advise new bush for wishbone as normally damaged on removal). Wheel alignment required."

By comparison, he found Zopa's report to be more vague, and less compelling. It appeared to focus on the cosmetic issues, and it was unclear whether the engineer carrying out the inspection had been told about any concerns regarding structural damage.

Our investigator recommended that the agreed repairs should be carried out, but that they should also include repairing the issues highlighted in Miss T's report, as detailed above. He also thought Miss T should be refunded for the diagnostic reports, and that the

compensation for the distress and inconvenience caused should be increased to £200. He didn't think any monthly repayments should be refunded, as Miss T had been provided with a suitable courtesy car.

Zopa disagreed. It said that the warranty company made it clear that the damage to the NSF suspension was accident damage. Zopa said this was in line with what would be expected if a car had been 'kerbed'. So, it may have been due to an accident after the car was supplied.

Miss T also disagreed. She explained she'd suffered further losses, as she consulted a solicitor, and had to pay for alternative transport (due to issues with her car/unsuitability of a courtesy car), and had to pay for new tyres (as the tread went because of how poorly her car handled). She's also suffered significant emotional strain.

The complaint was then passed to me. I issued a provisional decision, to explain my thoughts on what had happened, and to give both parties the opportunity to respond with anything further. My provisional decision said as follows.

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

The cosmetic issues aren't in dispute. What is, is whether there are structural issues with the car. And, if so, what should be done.

Overall, it seems to me highly likely that the car was involved in a collision before it was supplied. I find it difficult to believe that all of the cosmetic damage was agreed to be pre-supply, but the structural issues were not. Any collision would have surely caused cosmetic issues too.

Given that there are significant issues with the car, which include structural damage, I think it best that the car be taken back, and the finance agreement be unwound. I cannot know, from the reports, whether the car is safe, as the reports focussed on specific issues. I also think the compensation for the trouble and upset should be increased to £300, given the impact on Miss T's life. I cannot award money for legal costs, as using our service is free and doesn't require legal representation. So, I think the following should happen.

- Zopa must unwind the agreement and collect the car at no further cost to Miss T;
- it must refund her for any deposit/part-exchange value paid, adding 8% simple interest a year, from the date it was paid to the date of settlement;
- refund Miss T 50% of each of her monthly repayments, from the date each was made, to the date of settlement, in recognition of the loss of use/enjoyment experienced;
- refund Miss T for both of the reports she had commissioned, adding 8% simple interest a year, from the date of each of her invoices for each, until the date of settlement;
- pay Miss T £300 compensation for the distress and inconvenience caused; and
- mark the agreement as satisfied, with no negative entries, on Miss T's credit file.

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.

As neither party added anything further in response to my provisional decision, I see no reason to depart from it. Accordingly, it is to be read as forming my final decision.

Putting things right

To put things right, Zopa should:

- unwind the agreement and collect the car at no further cost to Miss T;
- refund Miss T for any deposit/part-exchange value paid, adding 8% simple interest a year, from the date it was paid to the date of settlement;
- refund Miss T 50% of each of her monthly repayments, from the date each was made, to the date of settlement, in recognition of the loss of use/enjoyment experienced;
- refund Miss T for both of the reports she had commissioned, adding 8% simple interest a year, from the date of each of her invoices for each, until the date of settlement;
- pay Miss T a total of £300 compensation for the distress and inconvenience caused (deducting any such compensation that it's already paid); and
- mark the agreement as satisfied, with no negative entries, on Miss T's credit file.

My final decision

It's my final decision to uphold this complaint. I require Zopa Bank Limited to take the actions set out above, in the section entitled 'Putting things right'.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 17 September 2024.

Elspeth Wood
Ombudsman