

The complaint

Miss A complains about the quality of a used car she acquired through a hire purchase agreement with Toyota Financial Services (UK) PLC trading as Redline Finance ('Redline'). Miss A says that the car started to rust very quickly after she acquired it which indicated some previous damage had not been properly repaired. She doesn't think that the car is of satisfactory quality due to this.

What happened

Miss A's complaint is about the quality of a car she acquired in October 2023. The car was used, and it was first registered in October 2019. So, it was four years old when Miss A received it. It had covered 12,669 miles.

Miss A acquired the car using a hire purchase agreement that was started in October 2023. The vehicle had a retail price of £9,990 and all of this was financed. This agreement was to be repaid through 24 monthly instalments of £117.86. If Miss A made repayments in line with the credit agreement, she would need to repay a total of £10,328.64.

Below is a summary of the issues complained of by Miss A and the investigation and repair work that has been carried out by the dealership and another garage, alongside what has happened in respect of the complaint.

Miss A has provided pictures of the rust that is present around the car windscreen. She says she noticed this a few months after she acquired the car. In February 2024 Miss A raised her concerns about the rusted areas to Redline and the dealership.

Miss A has said the dealership has told her it can only 'cover up' the issue. It has said that it is a significant job to repair properly, and that the windscreen would need to be removed. It doesn't have the facility to do this, and it advised her to contact the warranty company.

Miss A has done this, but she has been told that the repair could not be performed under warranty as the service record, from the time the car was with the previous owner, was not complete. She feels she has also been mis-sold the warranty.

Miss A also had the car looked at by a garage and she says this business also says it was 'too big a job' for it to properly repair as the windscreen would need to be removed.

Redline considered this complaint, and it didn't uphold it. It said that the dealership has explained that the rust was not present at the time of sale so they would only be able to touch it up rather than repair it fully to the standard that Miss A required. It offered her £50 as a goodwill gesture.

Miss A didn't agree with this and brought her complaint to the Financial Ombudsman Service. She thinks that the dealership has 'patched up' the rust before she acquired it, as it offered to do in response to the complaint. And if this was done again the problem would only reappear in the future.

Our Investigator upheld Miss A's complaint. She said that under the CRA it was generally the case that issues that occurred within the first six months of the inception of the finance were the responsibility of the finance provider. And she thought that it was unlikely that the significant rust as could be seen around the windscreen would have developed within the short time Miss A had owned the car in any event. She thought Redline should pay for a full repair of the rusted areas.

She referred Miss A to the Motor Ombudsman in respect of the issues she had raised about the warranty. I won't be considering this aspect of Miss A's complaint here.

Redline didn't respond to what our Investigator said. Because agreement wasn't reached this matter 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.

In considering what is fair and reasonable, I need to have regard to the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider was good industry practice at the relevant time.

The agreement in this case is a regulated hire purchase agreement – so we can consider a complaint relating to it. Redline as the supplier of the goods under this type of agreement is responsible for a complaint about their quality.

The Consumer Rights Act 2015 ('CRA') is relevant 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'*.

To be considered 'satisfactory', the goods would need to 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. So, it seems likely that in a case involving a car, the other relevant circumstances a court would take into account might include things like the age and mileage at the time of sale and the car's history.

The CRA 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 can be aspects of the quality of goods.

This car was four years old when Miss A acquired it and it had travelled around 13,000 miles. I think a reasonable person would accept that such a vehicle would probably have some parts that are worn and would need replacing sooner or later – which is reflected in the lower price paid in comparison to a new vehicle.

But there's also a reasonable expectation that a vehicle will be relatively durable - considering its age, price and mileage at the outset. So even though the vehicle wasn't new Miss A should have been able to use it for a reasonable period before it needed significant work.

Miss A has supplied photographs that show the rust around the windscreen. She has also provided evidence to show that this rust has been looked at by the dealership and an independent garage. These mechanics have both confirmed that this can be properly repaired, but it is significant job to do this as, amongst other things, the windscreen will need to be removed.

I've thought about whether this means that the car wasn't of satisfactory quality when it was supplied to Miss A. Under the terms of the CRA if a fault develops within the first six months of supply of the goods then it is assumed to have been present at the time of supply. And so, the starting point is that the car won't be of satisfactory quality and the dealer or finance provider will be responsible for putting this right.

I've thought about whether there is anything to show that this assumption of liability is incorrect here as the finance provider has said that the rust wasn't visible at the time of sale. Both garages that looked at the car said the rust could be repaired cosmetically without being looked at by a specialist bodywork repairer, or similar. And it seems reasonable to say that the car has been cosmetically repaired in the past. This is because the level of rust is significant, and it seems very unlikely that the car rusted in the way it did within the relatively short time Miss A owned it.

So, I agree that it is likely that this rust problem was present, or developing, at the time of supply. This should have been properly repaired before Miss A acquired it and so I don't think the car was of satisfactory quality.

It seems that the car can be properly repaired, and this is what Miss A wants, so I think that Redline should now arrange for this to be done.

Redline has offered to pay Miss A £50 for the distress and inconvenience that this has caused her. I agree she has suffered some inconvenience here as she has had the car looked at by several garages. But the car has been useable and so I think the £50 offered is reasonable.

Putting things right

I uphold this complaint against Toyota Financial Services (UK) PLC and it should now:

- Arrange for and cover the cost of the repairs to the car – these should be carried out within a reasonable timescale.
- Pay Miss A £50 for the distress and inconvenience she has suffered.

My final decision

For the reasons I've explained, I uphold Miss A's complaint.

Toyota Financial Services (UK) PLC should put things right by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 22 April 2025.

Andy Burlinson
Ombudsman