

The complaint

Mr G complains Startline Motor Finance Limited (Startline) supplied him with a car that he believes wasn't of satisfactory quality at supply.

Mr G is represented by his mother, Ms G but as he's the agreement holder, I will refer to him only throughout this decision

What happened

In June 2023, Mr G entered into a 29 month hire purchase agreement for a used car. The car's cash price was £5,809, it was over nine years old and it had travelled 85,800 miles. He paid a deposit of £1,200 and the rest was financed by a loan with Startline. The monthly instalments were £205. Mr G collected the car on 11 July 2023.

Within days of doing so, he reported issues with it. He said there was a knocking sound, the stop/start function wasn't working and he believed there were issues with the turbo because the car was losing power when driving. The supplying dealership said the car should be returned to them so it could be looked at.

Mr G says he was concerned about driving the car back to the dealership in the condition it was in as they were located a few hours away. After some back and forth, the car was returned at the start of September 2023 for repair. However immediately thereafter, he reported the car was experiencing the same issues.

Following the car breaking down, Mr G took it to a local garage in November 2023. They confirmed there was a fault with the turbocharger and said it needed to be replaced. They also suspected the oil feed was blocked. Mr G says at this point he didn't feel safe driving the car and where possible, he didn't do so.

Around this time, he also reported water was leaking inside the car and it was causing mould (suspected broken seals). He complained to Startline.

An independent inspection was carried out in December 2023. It confirmed there was a lack of power when driving caused by a fault with the turbocharger but the exact cause of it would need further investigation. The report concluded given the car had travelled 5,613 miles since purchase, the fault wouldn't have been present or developing at supply.

Mr G says he stopped driving the car around January 2024. He said he didn't believe it was safe to do so as the engine management lights were on and the mould was getting worse.

Startline issued their final response and partially upheld the complaint. They reiterated the findings of the inspection report but said the dealership had agreed to carry out repairs. They also said Mr G should provide a quote for the suspected broken seals so it could be considered.

Unhappy with their response, the complaint was referred to our service. Our investigator recommended the complaint was upheld. She didn't believe the inspection report had taken

into account the entire timeline of events including the faults were initially reported in July 2023 and a repair was carried out by the dealership in September 2023. She concluded given how quickly the fault was reported and the likely mileage covered at that time, the turbocharger fault meant the car wasn't of satisfactory quality. She also said the broken seals were likely due to wear and tear and there was insufficient evidence of the start/stop function not working.

She said Mr G should be allowed to reject the car and Startline should do a number of things to resolve the complaint - the refund of the deposit, to pay compensation, the partial refund of the contractual payments, etc.

Startline didn't respond to the investigator's opinion. Mr G accepted the findings. He later told our service that because he had recently stopped paying the contractual payments (as he couldn't afford to keep paying it), Startline had initiated proceedings to take back the car. He said this situation had caused him considerable upset, it was impacting his mental health and his ability to work.

In August 2024, I issued a provisional decision outlining my intentions to uphold the complaint. I said:

"In this case, Mr G acquired a car that was around nine years old and had travelled 85,800 miles. As this was a used car with considerable mileage and age, it's reasonable to expect parts may already have suffered substantial wear and tear when compared to a new car or one that is less travelled. Meaning there's a greater risk this car might need repair and/or maintenance sooner than a car which wasn't as road-worn."

Based on the evidence presented to me which includes a garage diagnosis, the inspection report and Mr G's testimony, it's evident there is a fault with the turbocharger. Having reviewed the videos provided by Mr G which shows mould throughout the interior of the car and a garage diagnosis, there is a fault with the sealant behind the rear quarter panel trims. I agree there is insufficient documentary evidence of the fault with the stop/stop function.

I've carefully considered the findings of the inspection report and its conclusion. However I agree with the investigator that it hasn't taken into account the timeline of events including when the faults were first reported by Mr G, the repair carried out by the dealership in September 2023, etc. Having read the report, it pinpoints the point of failure as being in September 2023 and by that time the car had travelled around 3,200 miles. However as already mentioned, the turbocharger fault and the start/stop function were reported much earlier than that.

Mr G has provided pictures of the text message conversations with the dealership. I can see he reported the above faults as early as July 2023 which was around two weeks after he collected the car. He provided videos to the dealership to show what was happening. It's unclear what the exact mileage was at that time but Mr G believes he had covered approximately 700 miles. Given the short period of time since collection and Mr G's overall use of the car (social use and the short commute to work), this amount of mileage is plausible. I have no reason to doubt what Mr G has said.

The investigator contacted the dealership directly to find out more about the repairs that were carried out in September 2023 however no response was received so I can't determine what repairs (if any) were done. However based on the text messages, I can see Mr G reported the above issues to the dealership and in response they said to return the car so they could fix it. It was agreed the car would be brought in on 2 September 2023. Mr G has provided a picture of the car at the dealership on that date. Therefore, I'm satisfied it was returned to the dealership for repair as agreed.

I've already set out the expectations of a used car so I won't repeat them again. In my opinion, I don't find a reasonable person would expect to experience such faults within days of acquiring the car. While I accept parts would've already suffered substantial wear and tear, I also expect the car to be durable. In this case, I don't believe it was. I find due to the fault with the turbocharger the car wasn't of satisfactory quality at the point of supply meaning there was a breach of contract. Having determined the same, I don't find it's necessary to comment further on the other faults.

The CRA says if the car isn't of satisfactory quality, the consumer can exercise the short term right to reject the car (within 30 days of supply). In this case, although I can see Mr G reported the issues within this timeframe, there is no evidence he asked to reject it. Instead he was willing to accept a repair.

Startline is likely to argue that Mr G didn't complain to them until November 2023 and up to that point he communicated with the dealership only. While I accept that was the case even if he contacted them sooner, I believe it's more likely than not they would've told him to contact the dealership in the first instance to resolve matters. Which ultimately is what he done.

Having determined the car wasn't of satisfactory quality at supply, the CRA allows for one opportunity for repair. I would expect this repair to be carried out at no cost to the consumer, completed within a reasonable period of time and without significant inconvenience to the consumer. In this case, I'm satisfied the car was returned to the dealership in September 2023 and Mr G was told repairs were carried out to the faults he reported. Whether or not these repairs happened is unclear as I haven't been provided with any documentary evidence about it. Nevertheless I'm satisfied there has been an opportunity of repair.

Despite this, it's clear the fault remains. I say this because in November 2023 the car was taken to a third party garage who confirmed there was a fault with the turbocharger. Later the inspection report in December 2023 also confirmed the same. Based on this evidence, I find the repair in September 2023 by the dealership failed to fix the faults.

The CRA says if a car is not of satisfactory quality, there's been an opportunity of repair however there is still a problem or the repair has failed, rejection should be allowed which is what I think should happen in this case. There's been an opportunity of repair but the car remains faulty. Mr G says he has lost faith in the car and given the circumstances I can understand why. When thinking about the overall timeline of events, I find Mr G should be allowed to exercise his final right of rejection.

Putting things right

Startline should end the agreement, collect the car, refund the deposit (£1,200) and remove any adverse information from Mr G's credit file about this agreement.

Although there were faults, it's clear Mr G has had some use of the car given the mileage covered so it's fair he pays to reflect that use. He says he stopped using the car around January 2024 however I note he's provided a picture of the engine management lights taken around May 2024 and it shows the mileage is 92,090. That is an increase of approximately 670 miles since the inspection in December 2023 so I'm not persuaded he completely stopped using the car in January 2024. But I accept the likelihood is he used it a lot less than he usually would. In circumstances like this, I would usually ask for an up to date odometer reading however Mr G says because the battery is flat, it's not possible to provide this. However I note in correspondence to our service he said the car has been parked outside of

his home since the start of June 2024, not being used. So I find this is when he stopped driving the car.

Taking this all into consideration, I believe Startline should refund 20% of all the monthly payments paid from inception up to June 2024 to reflect impaired use of the car. If any payments were made from July 2024 onwards, these should be refunded in full to reflect loss of use.

Mr G has said he paid for some diagnostic reports however in the absence of proof of payment, I can't reasonably say Startline needs to reimburse him for such costs. However I will consider the same should Mr G provide this evidence.

Mr G has outlined the impact of this situation on him. This includes a lengthy trip to the dealership, extensive correspondence with Startline and the dealership, the worry of not knowing whether the car would work, etc. He's also explained it has impacted his ability to work, impacted his mental health and Startline's most recent steps of initiating repossession despite this ongoing complaint at our service has also added to his continued worry. For this, I agree with the investigator that Startline should pay £250 compensation to Mr G for the upset and trouble caused".

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.

Both parties were invited to respond to the provisional decision. Mr G accepted the findings. Startline didn't provide any further comment.

On the basis I haven't been provided with any further information to change my decision I still consider my provisional findings to be fair and reasonable in the circumstances.

My final decision

For the reasons set out above, I've decided to uphold Mr G's complaint.

To put things right, Startline Motor Finance Limited must:

- End the agreement with nothing further for Mr G to pay;
- Collect the car at no cost to Mr G;
- Refund the cash deposit (£1,200);
- Refund 20% of the monthly payments paid from inception up to June 2024 to reflect impaired use;
- Refund in full any monthly payments paid from July 2024 onwards to reflect loss of use;
- Pay 8% simple interest per annum on the above refunds from the date of payment to the date of settlement*;
- Remove any adverse information about this agreement from Mr G's credit file;
- Pay £250 compensation to Mr G for the trouble and upset caused.

*If Startline Motor Finance Limited considers tax should be deducted from the interest part of my award it should provide Mr G with a certificate showing how much it has taken off, so Mr G can reclaim that amount if he is entitled to do so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 24 September 2024.

Simona Reese
Ombudsman