

The complaint

Mr S complains that the car he acquired through FCE Bank PLC trading as Ford Credit wasn't of satisfactory quality. He wants Ford Credit to repair the car or allow him to reject it and have his finance agreement cancelled.

What happened

Mr S entered into a hire purchase agreement in August 2020 for a brand-new car, with a cash price of £24,979. His deposit and the dealership's contribution totalled £750, and the balance was to be paid through the credit agreement which was set up over a 38-month term. His monthly payments were £399.00, with a final *balloon* payment of £9,067.00.

Mr S told us:

- in August 2023, there was an issue with the car's 'wet belt' which meant that the engine needed to be replaced, but he was told this wouldn't be covered by his warranty, as he'd invalidated this by missing the manufacturer's servicing frequency;
- he missed the 36,000 miles service, instead having it serviced at 44,000 miles, and he was told that the next service wasn't due until the car had been driven 62,000 miles;
- the problem with the wet belt occurred around the 60,000 miles mark, and only a few months before the end of the credit agreement;
- he took the car to a manufacturer approved service centre, and the car remained there until after the finance agreement came to an end;
- he wants the car fully repaired under his warranty and he'll then make the final *balloon* payment or, if that's not possible, he wants to reject the car and have the finance agreement cancelled.

Ford Credit rejected this complaint. It said following an inspection, it had been concluded that the car needed a new engine because the oil pump belt teeth had been stripped from the belt. This in turn, blocked the oil strainer causing oil starvation and zero oil pressure.

It explained that the supplying dealership had said that the repair was not covered under any warranty because of late or missing servicing. It said records showed that the 18,000 mile service had been completed at 18,860 miles; the 36,000 mile service was more than 8,000 miles late and only completed at 44,338 miles; and, at the time of writing, the 54,000 mile service had not taken place. It noted that the inspection recorded the car's mileage as just over 60,000 miles – so this service was already 6,000 miles late.

Ford Credit said the late servicing had affected the wet belt because the car had run with old and ineffective oil for far longer than it should've done. And it said the dealership believed that had the servicing been undertaken at the correct intervals, and in line with the manufacturer's schedule, then the engine would not have needed replacing. Ford Credit concluded that the issue faced by Mr S was not because of any fault with the car that had been present or developing at the point of supply.

Ford Credit told this Service that the case had been declined on the basis that it was a service-related issue. The dealership had explained that there was no oil pressure in the engine, and it had removed the sump to investigate further. This investigation found that the strainer was blocked with belt debris and missing teeth from the oil pump, which ultimately starved the engine of oil. Ford Credit explained that as engine oil ages it degrades, its chemical makeup changes, and this makes it far less effective in lubricating and cooling the working internal engine components. This will ultimately lead to degradation of associated oil lubricated internal engine components.

Our investigator looked at this complaint and noted that there was a fault with the car and that this fact together with the cause of it – the oil pump teeth being stripped from the belt causing the engine to be starved of oil – wasn't disputed by either party.

She observed that Mr S had had fair usage of the car; he'd been able to drive more than 60,000 miles since acquiring it. And, taking everything into account, there just wasn't enough evidence to confirm that the car was not of satisfactory quality and reasonably durable at the point of supply. She recommended that the car be independently inspected to determine the car's durability and she asked Ford Credit to provide a more detailed explanation of how delays in servicing had resulted in the issue faced by Mr S.

Upon receipt of a more detailed explanation from Ford Credit, and the findings of an independent inspection instructed by Mr S, our investigator said she didn't think this complaint should be upheld.

She explained the relevance of the Consumer Rights Act 2015 ("CRA") in this particular case, and the fact that as more than six months had elapsed from the point of supply before the fault with the car materialised, it was for Mr S, as the car's keeper, to prove the fault was present or developing at the point of supply, and the independent report did not reach this conclusion. The report concluded that a fault may lie with the dealership that was responsible for the servicing; it could've been more proactive in explaining to Mr S the effect of delayed or missed servicing. Because of this, she couldn't say that Ford Credit was responsible for the fault with the car – there simply was not enough evidence to suggest that the car was not of satisfactory or reasonably durable when it was supplied.

Mr S disagrees so the complaint comes to me to decide.

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.

Having done so, I agree with our investigator – I don't think this complaint should be upheld – and I'll explain why.

When looking at this complaint I need to have regard to the relevant laws and regulations, but I am not bound by them when I consider what is fair and reasonable.

As the hire purchase agreement entered into by Mr S is a regulated consumer credit agreement, this Service is able to consider complaints relating to it. Ford Credit is also the supplier of the goods under this type of agreement, and it is responsible for a complaint about their quality.

Under the Consumer Rights Act 2015 ("CRA") there is an implied term that when goods are supplied "the quality of the goods is satisfactory". The relevant law says that the quality of the goods is satisfactory if they meet the standard that a reasonable person would consider

satisfactory taking into account any description of the goods, price and all other relevant circumstances.

The relevant law also says that 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 can be aspects of the quality of the goods. So, what I need to consider in this case is whether the car *supplied* to Mr S was of satisfactory quality or not.

I don't think there's any dispute that Mr S has experienced problems with the car - that has been well evidenced by both his testimony and the documentation and independent report he's sent us. It's also clear that Ford Credit doesn't dispute that there's a problem. Both parties accept that the car engine needs a full replacement. But just because Mr S has had problems with the car, and things have gone wrong, it doesn't necessary follow that the car *supplied* to Mr S wasn't of satisfactory quality.

Ford Credit would only be responsible for putting things right if I'm satisfied that these faults were present or developing when the car was supplied – that is to say, the car wasn't of satisfactory quality when Mr S acquired it in August 2020. And I haven't seen anything that shows me that the fault, or its cause, was present or developing when the car was first supplied to Mr S.

Interestingly, both parties seem to be in agreement around the cause of the fault.

Ford Credit says that if the servicing schedule had been adhered to, and services had not been missed or delayed, the engine would not need replacing. It says that the wet belt has been running in old oil, and this has had an impact on the belt due to oil impurities such as soot and other oil oxidation breakdown debris which get between the belt teeth and pulleys, weakening the belt.

And the independent expert, instructed by Mr S, concluded that *"the late servicing of the vehicle...could have resulted in an increased level of belt degradation... that resulted in debris from that belt restricting the flow of lubricant through the engine"*.

The independent expert went on to say that in their opinion *"it would have been appropriate for the servicing garage...to have advised Mr S of the increased likelihood of the wet belt degradation resulting in a restriction in the flow of engine lubricant following the late servicing and discussed the possibility of replacing the wet belt in order to prevent a potentially expensive engine failure... had that discussion taken place and Mr S acted upon the recommendation to carry out such replacement at comparatively low cost then it is unlikely that the engine problems experienced would have occurred"*.

So, it seems to me that the independent expert suggests that some blame for the fault that arose lies with the servicing garage, in short, had the wet belt and associated components been replaced following the late service, the issue experienced by Mr S, and the need to replace the engine is unlikely to have occurred.

Mr S says that the servicing garage may be a *different legal entity* to Ford Credit, but they are *interlinked*. That may be so, but the rules that govern this Service set out clearly the types of complaint that we can and can't look at, and against which businesses we can investigate a complaint. Car sales, part exchanges, and car servicing are examples of activities that are not covered under our rules. And the way in which our rules are set out means that I don't have the discretion to waive them.

I know Mr S will be disappointed by the decision that I've reached. I know he continues to believe that someone bears responsibility for the fact that the car engine needs replacing. But as our investigator has already explained, this isn't something for which I can hold Ford Credit responsible. There's simply no evidence of a fault present or developing at the point of supply.

Because of this, and in the absence of any evidence to the contrary, I'm not persuaded that Mr S's car was of unsatisfactory quality when supplied. So, I can't hold Ford Credit responsible for the problems Mr S has experienced with it.

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 S to accept or reject my decision before 11 March 2025.

Andrew Macnamara
Ombudsman