

Complaint

Mr A has complained about the quality of a car that Startline Motor Finance Limited ("SMF") supplied to him through a hire-purchase agreement.

Background

In June 2022, SMF provided Mr A with finance for a used car. The car was six and a half years old and it is my understanding that it had completed 61,300 miles at the time of purchase. The cash price of the vehicle was £7,645.00.

Mr A didn't pay a deposit and applied for finance for the entire amount of the purchase. SMF accepted Mr A's application and entered into a 60-month hire-purchase agreement with him. The loan was for £7,645.00, had interest, fees and total charges of £4,063.20 (consisting of interest of £4,053.20 and a £10 option to purchase fee) and the total amount to be repaid of £11,708.20 was due to be repaid in 59 monthly instalments of £194.97 followed by a final instalment of £204.97.

Mr A says he noticed that the engine was burning oil and that he notified the broker which arranged his finance as well as the supplying dealer about this in June 2022. However, neither party resolved the problem and in 2024 Mr A began to experience more significant difficulties with the engine. Mr A says his mechanic told him that the catalytic convertor now had a fault, but even if the catalytic converter was repaired, or replaced, the problem would return because, in his view, the engine was burning oil.

In May 2024, Mr A complained, to SMF, that the vehicle was not of satisfactory quality. SMF responded to Mr A asking him to arrange for the vehicle to be inspected. It provided him with the details of two companies who might be able to assist with providing an independent report.

After initially telling SMF that he was going to contact one of the two companies, Mr A subsequently went back to SMF saying that he wasn't prepared to use that company. In response to this and after Mr A hadn't provided anything else to show that the car was not of satisfactory quality, SMF didn't uphold Mr A's complaint.

Mr A was dissatisfied with SMF's response and referred his complaint to our service. One of our investigator's considered Mr A's complaint. He didn't think that he had sufficient evidence to show that SMF had supplied Mr A with a vehicle that was not of satisfactory quality.

So he didn't recommend that Mr A's complaint be upheld. Mr A disagreed with the investigator's assessment. So the case was passed to an ombudsman as per the next stage of our dispute resolution process.

My findings

I've considered all the available evidence and arguments to decide what's fair and

reasonable in the circumstances of this complaint.

I'm satisfied that what I need to decide in this case is whether the car supplied to Mr A was of satisfactory quality. Should it be the case that I don't think it was, I'll then need to decide what's fair, if anything, for SMF to do put things right.

Having carefully considered matters, I'm not persuaded that SMF did supply Mr A with a vehicle that was not of satisfactory quality. I'm therefore not upholding Mr A's complaint and I'll explain why in a little more detail.

The finance agreement in this case is a regulated hire-purchase agreement, which we are able to consider complaints about. Under the hire-purchase agreement, SMF purchased the vehicle from the dealership Mr A visited. Mr A then hired the vehicle from SMF and paid a monthly amount to it in return. SMF remained the legal owner of the vehicle under the agreement until Mr A's loan was repaid.

This arrangement resulted in SMF being the supplier of Mr A's vehicle and so it is also responsible for answering a complaint about its quality.

The Consumer Rights Act 2015 ("CRA")

The CRA covers hire-purchase agreements – such as Mr A's agreement with SMF. Under a hire-purchase agreement, there are implied conditions that the goods supplied will be of satisfactory quality.

The CRA says the aspects of the quality of the goods and whether they are satisfactory includes their general state and condition alongside other things such as their fitness for purpose, appearance and finish, freedom from minor defects, safety, and durability.

Is there a fault with the vehicle?

Having considered the information provided, I've not actually been provided with sufficient evidence to satisfy that there is actually currently a fault with the vehicle. I say this because most of Mr A's evidence has been what his mechanic has told him and he has provided some receipts from 2023 for what, to me at least, seem to be receipts for oil changes and filters.

Neither of these receipts confirm the existence of the fault Mr A is referring to, or that remedial work was being carried out in relation to such a fault at this time. I've not been provided with any independent confirmation of a fault existing with the engine on the vehicle either. Indeed, I note that the car passed its most recent MOT only a few weeks before Mr A first got in contact with SMF.

Nonetheless, I'm not prepared to completely dismiss the notion that a fault does exist and I'll now proceed to decide whether the evidence Mr A has supplied means that that the car he acquired from SMF wasn't of satisfactory quality at the point of supply.

Was the vehicle that Mr A was supplied with of satisfactory quality?

Mr A's correspondence regarding the vehicle in June 2022 and July 2022

Mr A has said that he reported issues with the car burning oil to the supplying dealer and the broker which arranged his finance in July 2022. I've looked through the correspondence that Mr A has provided and I've thought about what he said.

I can see that Mr A did get in contact with the supplying dealership in June 2022. I can also see that the supplying dealer passed on Mr A's correspondence to the broker. I say this because I've seen an email which the broker sent Mr A asking him a series of questions.

I've seen that Mr A was asked to provide a detailed timeline of the concerns that he had raised. From what I can see, the only concern that Mr A had was that the car he acquired had an engine with three cylinders and his mechanic informed him that engines with such engines were more problematic than those with four cylinders. So he wanted to change the car he'd been supplied with for one which had an engine with four cylinders.

Having considered the entirety of this correspondence, I'm satisfied that there isn't anything within it indicating that Mr A had concerns that the engine was burning oil, or that Mr A thought that there was a fault with the car. While I appreciate that the correspondence shows that Mr A did want to exchange the vehicle, I'm satisfied that this was because Mr A had changed his mind and wanted a vehicle with a four cylinder engine, rather than one with three.

Furthermore, there isn't anything in the content of this correspondence which leads me to think that Mr A might have been misled into acquiring the vehicle that he did as a result of it being misrepresented to him either. In the circumstances, I'm not persuaded that Mr A did in fact complain that the vehicle was not of satisfactory quality, or that he provided any evidence of this being the case in June 2022. I don't know what if anything the broker said in response to Mr A wanting to change his car. It may well be that Mr A was told he did not have valid grounds for an exchange.

In any event, as Mr A affirmed the agreement by not only retaining custody of the vehicle but by using it (the available evidence shows that Mr A had completed over 27,000 miles in the vehicle when the car passed its most recent MOT in March 2024) and making the payments to his agreement, I'm satisfied that correspondence Mr A had with the broker in June 2022 and July 2022, does not evidence that the car was not of satisfactory quality when it was supplied to Mr A, or that he should now be allowed to reject the vehicle.

Mr A's concerns with the car in 2024

I now turn to the concerns that Mr A reported in May 2024. It's clear that Mr A got in direct contact with SMF (in a way that he doesn't appear to have done in June 2022) and reported that he was having issues with the engine on the car. Mr A was directed to contact an independent expert to obtain a report on what faults there may be on the vehicle and an opinion on whether any fault was present at the point of sale. This isn't out of the ordinary and is a common way of establishing whether a fault exists on a vehicle.

Despite saying that he would arrange to provide this report, Mr A did not do so. Indeed, as I understand it, Mr A declined to obtain a report from one of the companies he was referred to after he'd already told SMF that he would be obtaining a report from that company. It's my understanding that this was after he had a phone call with the company and it confirmed that it was unlikely that it would be able to confirm the fault Mr A had described was present on the vehicle, or developing at the time it was supplied to him.

I'm also mindful that the car also passed an MOT shortly before it was supplied to Mr A. I can't see that there were any advisory notices relating to the car's engine, its catalytic convertor or its emissions, any or all of which might have given some support to Mr A's submissions.

In these circumstances and without any other alternative corroboration of there being a fault, I'm simply not in a position where I can reasonably conclude that the available evidence

shows me that SMF supplied Mr A with a car that had a faulty engine. If Mr A changes his mind and wishes to obtain such information he's free to provide this to SMF for it to consider in the first instance.

In reaching my conclusions, I've also considered the other documentation that Mr A has sent. Mr A has provided receipts showing that he paid for oil, oil filters, other additives and for associated services to be carried out.

I accept that Mr A has incurred some expenses since he's been in possession of the vehicle. Nonetheless, I'm satisfied that Mr A has merely evidenced having carried out the maintenance that a reasonable person would expect to carry out at certain intervals during the lifetime of having a vehicle. As this is the case, what Mr A's has provided does not persuade me that the engine on the vehicle was faulty at the time SMF supplied it to Mr A.

Overall and having considered everything, whilst I accept the possibility of there now being faults with the car, I don't consider that any faults present make the car of unsatisfactory quality. I'm satisfied that it is more likely than not any faults, should they exist, are age related and wear and tear issues and they may well have been exacerbated by the miles Mr A completed in the vehicle after it was supplied to him.

So on balance, I'm not persuaded that the car supplied to Mr A by SMF was not of satisfactory quality. It follows that I'm not upholding Mr A's complaint.

I appreciate that this is likely to be very disappointing for Mr A – particularly as he will be left in a position where he is being expected to pay for a car which he says he's unable to use without first getting it repaired. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

My final decision

For the reasons I've explained, I'm not upholding Mr A's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 5 November 2024.

Jeshen Narayanan
Ombudsman