

## **The complaint**

Mr H complains that a car that was supplied to him under a hire purchase agreement with Specialist Motor Finance Limited wasn't of satisfactory quality.

## **What happened**

A used car was supplied to Mr H under a hire purchase agreement with Specialist Motor Finance that he electronically signed in May 2023. The price of the car was £23,000, he paid a deposit of £1,000 and he agreed to make 59 monthly payments of £633.62 and a final payment of £643.62 to Specialist Motor Finance.

There were some issues with the car so Mr H contacted the dealer and the credit intermediary. He complained to Specialist Motor Finance in September 2023. It said in its final response letter to Mr H that was sent in November 2023 that he'd contacted it in September 2023 to inform it that the car needed a new seat belt fitting and a new ECU module and that he wanted to reject the car. It upheld his complaint about the seatbelt and agreed to fix it at no cost to Mr H but it didn't address his complaint about the ECU module and it didn't accept his request to reject the car as it said that it had been fixed to a road worthy standard.

Mr H wasn't satisfied with its response so complained to this service. He said that he was owed a lot of money as he had been paying for a car that he couldn't use and that it was going to be picked up from him. The car was repossessed by Specialist Motor Finance in January 2024.

Mr H's complaint was looked at by one of this service's investigators who, having considered everything, thought that it should be upheld. She thought that the car wasn't of satisfactory quality when supplied but repairs had taken place which appeared to have resolved the issues. She initially recommended that Specialist Motor Finance should: refund the monthly payments made by Mr H for the period from when he complained to Specialist Motor Finance until the issue with the seatbelt was repaired in November 2023; refund repair costs totalling £430.06; pay interest on those amounts; pay £250 for any distress or inconvenience that had been caused; and remove any adverse information from Mr H's credit file in relation to the agreement. In response to information provided by Specialist Motor Finance, the investigator then recommended that the refund of repair costs should be reduced to £334.06, no compensation for distress and inconvenience should be paid and it should remove any adverse information from Mr H's credit file in relation to the agreement between September and November 2023.

Mr H says that he has made other payments for repairs to the car and should be reimbursed for them and that the agreement should be unwound or the car returned to him. Specialist Motor Finance didn't respond to the investigator's revised recommendations so I've been asked to issue a decision on this complaint.

## **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.

Specialist Motor Finance, as the supplier of the car, was responsible for ensuring that it was of satisfactory quality when it was supplied to Mr H. Whether or not it was of satisfactory quality at that time will depend on a number of factors, including the age and mileage of the car and the price that was paid for it. The car that was supplied to Mr H was about four years old, had been driven for 119,208 miles and had a price of £23,000. Satisfactory quality also covers durability which means that the components within the car must be durable and last a reasonable amount of time – but exactly how long that time is will depend on a number of factors.

There were clearly some issues with the car and I've seen correspondence between Mr H and the dealer in June 2023 which refers to issues with the driver's seat belt, driver's door, rear spoiler and right rear wheel. I consider that those issues would've caused the car not to have been of satisfactory quality when it was supplied to Mr H but I understand that, other than the issue with the seat belt, they've been resolved and the dealer paid £500 to Mr H.

Mr H complained to Specialist Motor Finance in September 2023 and it said in its final response letter to him that he'd contacted it in September 2023 to inform it that the car needed a new seat belt fitting and a new ECU module and that he wanted to reject the car. I'm only able to consider in this decision issues about which Mr H has complained to Specialist Motor Finance. I've seen no evidence to show that he complained to it about issues with the car other than issues with its seat belt and ECU so I'm unable to consider any other issues in this decision.

Specialist Motor Finance agreed to fix the seat belt but I've seen receipts for repairs to the seat belt that were paid by Mr H totalling £334.06. I consider that it would be fair and reasonable for Specialist Motor Finance to reimburse Mr H for those repair costs, with interest.

Specialist Motor Finance says that it's not seen any evidence of the alleged ECU issues with the car or repairs to them. It also says that the car passed an MOT test in December 2023 with only an advisory for a tyre and, if there had been a faulty ECU, it would have caused the car to fail the test. I'm not persuaded that there's enough evidence to show that there was an issue with the car's ECU that caused it not to have been of satisfactory quality when it was supplied to Mr H. I don't consider that it was unfair or unreasonable for Specialist Motor Finance to have declined Mr H's request to reject the car.

Mr H says that he wasn't able to use the car because of the issue with the seat belt from when he complained to Specialist Motor Finance until the issue was repaired in November 2023. Specialist Motor Finance says that there's no evidence that Mr H wasn't able to use the car during that period and that he was able to use the car to drive 10,022 miles in just over six months between the car being supplied to him and the MOT test in December 2023. It also says that Mr H made no payments to it from August to November 2023 so could have paid for the seat belt repair earlier than he did.

Mr H says that he drove the car for 6,550 miles during that time and he's explained the reasons for that mileage. I've seen a screenshot of Mr H's payment history which shows that he didn't make the monthly payments that were due in August, September and October 2023. The investigator said that, if Mr H hadn't made a payment between September and November 2023, his outstanding account balance should be reduced by the equivalent amount of his monthly payments for the period when he wasn't able to use the car. I consider that it would be fair and reasonable in these circumstances for Specialist Motor Finance to reduce the outstanding balance of Mr H's account by an amount equivalent to the monthly payments that he would have made for the period from when he complained to it

about the car until the seat belt issue was repaired in November 2023. I also consider that it would be fair and reasonable for it to remove any adverse information about the agreement that it's recorded on Mr H's credit file relating to that period.

The issues with the car have clearly caused Mr H distress and inconvenience. The dealer paid £500 compensation to Mr H and Specialist Motor Finance says that he received a discount of £1,995 on the price of the car and that he requested and was provided with a twelve month warranty. I'm not persuaded that it would be fair or reasonable in these circumstances for me to require Specialist Motor Finance to pay any further compensation to Mr H for the distress and inconvenience that he's been caused by the issue with the car's seat belt.

The car was repossessed in January 2024 and Specialist Motor Finance says that it's being held at one of its third-party sites. Mr H's complaint was made to this service before the car was repossessed so I'm unable to consider any issues about the repossession in this decision. If Mr H wants to complain about other issues with the car, including the £587 that he says that the dealer agreed to pay to him or other issues relating to the hire purchase agreement or the repossession of the car, he should complain to Specialist Motor Finance about those issues and then, if he's not satisfied with its response, he may be able to make another complaint to this service.

### **Putting things right**

I find that it would be fair and reasonable in these circumstances for Specialist Motor Finance to: pay £334.06 to Mr H to reimburse him for the cost of the repairs to the car's seat belt, with interest; reduce the outstanding balance of Mr H's account by an amount equivalent to the monthly payments that he would have made for the period from when he complained to it about the car in September 2023 until the seat belt issue was repaired in November 2023; and remove any adverse information about the agreement that it's recorded on Mr H's credit file relating to that period.

### **My final decision**

My decision is that I uphold Mr H's complaint and I order Specialist Motor Finance Limited to:

1. Pay £334.06 to Mr H to reimburse him for the cost of the repairs to the car's seat belt.
2. Pay interest on that amount at an annual rate of 8% simple from the date that the costs were incurred to the date of settlement.
3. Reduce the outstanding balance of Mr H's account by an amount equivalent to the monthly payments that he would have made for the period from when he complained to it about the car in September 2023 until the seat belt issue was repaired in November 2023.
4. Remove any adverse information about the agreement that it's recorded on Mr H's credit file relating to that period.

HM Revenue & Customs requires Specialist Motor Finance to deduct tax from the interest payment referred to above. Specialist Motor Finance must give Mr H a certificate showing how much tax it's deducted if he asks it for one.

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

Jarrold Hastings  
**Ombudsman**