

## **The complaint**

Mr G 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 G under a hire purchase agreement with Specialist Motor Finance that he electronically signed in August 2023. The price of the car was £14,099, Mr G paid a deposit of £500 and agreed to make 59 monthly payments of £410.66 and a final payment of £420.66 to Specialist Motor Finance.

He complained to the dealer and Specialist Motor Finance about issues with the car in September 2023 and said that he wanted to reject it. He returned the car to the dealer and cancelled the direct debits for his monthly payments. Specialist Motor Finance said the dealer had completed a scan of the reported faults and found that they were historic and that there had been many ignition cycles without the faults coming back. It also said that the dealer attributed the issues to the car running out of fuel prior to sale. It said that it didn't believe that the car wasn't of satisfactory quality at the point of purchase so it was unable to accept Mr G's request to reject it.

Mr G wasn't satisfied with its response so complained to this service. His complaint was looked at by one of this service's investigators who, having considered everything, thought that it should be upheld. He said that Mr G had requested rejection of the car and provided evidence of a fault within 30 days from inception of the agreement so he had the right to reject the car. He recommended that Specialist Motor Finance should: end the agreement with nothing further to pay; collect the car at no further cost to Mr G; refund the deposit with interest; refund the cost for a diagnostic check and any other repairs Mr G had paid for; remove any adverse effects on Mr G's credit file; and, for the distress and inconvenience caused, pay him £200 compensation.

Mr G accepted those recommendations. Specialist Motor Finance arranged for the car to be inspected by an independent expert in March 2024 which it says confirms that the car is unfit for purpose but that that is due to lack of usage.

## 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 G. 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 G was more than five and a half years old, had been driven for 78,811 miles and had a price of £14,099. 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.

Mr G had some issues with the car soon after it was supplied to him. He paid £108 for diagnostic tests at the end of August 2023 which detected some issues with the car, including: “Random/Multiple Cylinder Misfire[s]”. Mr G complained to the dealer and to Specialist Motor Finance about the issues with the car within two weeks of it being supplied to him and he asked to reject the car. Specialist Motor Finance said that the dealer had completed a scan of the reported faults and found that they were historic and that there had been many ignition cycles without the faults coming back. It also said that the dealer attributed the issues to the car running out of fuel prior to sale.

Specialist Motor Finance arranged for the car to be inspected by an independent expert in March 2024. The car's mileage at the time of the report was 79,120 miles and the report concluded that:

*“The vehicle is not fit for regular use on the public highway due to the condition of the brakes and the permanent warning light displayed on the driver's panel. The condition of the brakes are due to a lack of use, there is multiple fault codes stored in the vehicles ECU reference a random misfire are and this will require a detailed examination under workshop controlled conditions to ascertain the cause ... We do believe that the highlighted issues within the report i.e. the misfire has developed after the point of purchase, the fact that there was no evidence of any driver error or abuse noted, given the minimal mileage the vehicle has covered since the date of purchase would lead us to the conclusion that the sales agent should be responsible for the investigation and repair costs. Once the engine misfire has been rectified the vehicle requires the brakes to be serviced due to the lack of activity, prior to returning the vehicle to regular in-service usage. With any necessary repairs to restore the vehicle to an operational condition in our opinion been borne by the sales agent on the grounds that the vehicle had a developing issue at the point of sale”.*

The independent expert's report says that the car had a developing issue at the point of sale. Mr G took the car for diagnostic tests at the end of August 2023 which detected issues with the car, including cylinder misfires, and Mr G complained to the dealer and Specialist Motor Finance about issues with the car less than two weeks after it had been supplied to him. I consider it to be more likely than not that the car wasn't of satisfactory quality when it was supplied to Mr G and that he was entitled to reject the car.

## Putting things right

I find that it would be fair and reasonable in these circumstances for Specialist Motor Finance to take the actions recommended by the investigator and as set out below.

## **My final decision**

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

1. End the hire purchase agreement and arrange for the car to be collected from its current location – both at no cost to Mr G.
2. Refund to Mr G the deposit that he paid for the car.
3. Refund to Mr G the cost of the diagnostic check (and any other repairs that Mr G has paid for, if he provides receipts for those other repairs).
4. Pay interest on the amounts at 2 and 3 above at an annual rate of 8% simple from the date of each payment to the date of settlement.
5. Remove any adverse information about the hire purchase agreement from Mr G's credit file.
6. Pay £200 to Mr G to compensate him for the distress and inconvenience that he's been caused.

HM Revenue & Customs requires Specialist Motor Finance to deduct tax from the interest payment referred to at 4 above. Specialist Motor Finance must give Mr G 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 G to accept or reject my decision before 11 November 2024.

Jarrold Hastings  
**Ombudsman**