

The complaint

Mr M complains that the car he acquired through a hire purchase agreement with Tandem Motor Finance Limited ("TMFL") wasn't of satisfactory quality. He wants to reject the car.

What happened

Mr M entered a hire purchase agreement in December 2023 to acquire a used car. The cash price of the car was £4,995, and Mr M paid a deposit of £1,000. The balance was to be repaid through the hire purchase agreement over a term of 57 months, with a monthly repayment of £100.06. At the time of the acquisition, the car was more than ten years old and had been driven around 110,000 miles.

Mr M told us:

- The car had issues from day 1; and following an examination by a dealership associated with the manufacturer, a number of issues were identified including, but not limited to, oil leaks; oil pressure switch, the oil pump; contaminated coolant; and a faulty auxiliary belt.
- he advised the credit broker of the issues, but was directed to resolve the matter with the supplying dealership;
- initially it was agreed that the dealership would cover the cost of repairs, but further faults were identified, and it refused to pay for these;
- he was caught between the broker and the dealership, so when these additional faults materialised, he complained to TMFL, and he asked it to accept rejection of the car, and to cover the associated costs including the repairs he'd paid for, some vehicle transport costs, and the costs of a hire car he'd needed to rent. He also asked TMFL for £1,500 in compensation for the upset and distress he'd been caused;
- TMFL processed the rejection and cancelled the finance agreement. It also returned his deposit and the two monthly rentals he'd paid towards the agreement, as well as the vehicle transportation costs. But it didn't agree to cover any of the car-hire costs or pay him any compensation.

TMFL partially upheld this complaint. It recognised that Mr M had experienced numerous issues with the car and noted that the dealership had agreed to make a contribution towards costs at a third-party garage, but that during the repairs, further issues arose.

TMFL said that it couldn't assist with unwinding the finance agreement because of a deal it said Mr M had made with the dealership. It said a deal had been reached whereby the dealership would accept the unwinding of the finance agreement if Mr M paid the outstanding bill on the car together with the storage costs and arranged for the car to be returned.

TMFL said Mr M was "*obstructing*" the finance agreement and it could assist no further. And it told this Service that the credit agreement had been unwound on 19 April 2024.

Our investigator looked at this complaint and said she thought it should be upheld. She explained the relevance of the Consumer Rights Act 2015 in this particular case, and said

she was persuaded by the evidence from both parties that the car supplied was not of satisfactory quality.

She noted that TMFL accepted the car wasn't of satisfactory quality and that the finance agreement had been unwound, and that Mr M's deposit, together with the monthly payments he'd made towards the agreement had been returned to him. And she explained that she was only going to look at whether TMFL needed to do anything more to bring this complaint to a fair conclusion.

She concluded that Mr M had been unable to use the car supplied by TMFL and had instead used his own savings to hire a car so that he could remain mobile, and in work. But in the longer-term this hadn't proved to be sustainable and had seriously affected Mr M's circumstances; the details of which TMFL are aware. And she set out clearly the things she thought TMFL needed to do to put things right.

TMFL disagreed, so the complaint comes to me to decide. It says, *"The dealership was exercising their right to repair and still had the opportunity to arrange for the repair to take place. However, the dealership explained that they would, on this occasion, accept the rejection if the customer was willing to pay for the incurring storage fees from the vehicle. It was later agreed for the car to be rejected and agreement unwound."*

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.

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

When considering what's fair and reasonable, I take into account relevant law and regulations. The Consumer Rights Act 2015 ("CRA") is relevant to this complaint. This says under a contract to supply goods, the supplier – TMFL in this case – has a responsibility to make sure the goods were of 'satisfactory quality'.

Satisfactory quality is what a reasonable person would expect – taking into account any relevant factors. 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. In this case, I would consider relevant factors to include, amongst others, the car's age, price, description and mileage.

The CRA also says that, where a fault is identified within the first six months, it's assumed the fault was present when the car was supplied. But, if the fault is identified after the first six months, then it's for Mr M to prove the fault was present when he first acquired it.

There's no dispute between the parties about the faults with the car. All sides agree that there were multiple faults with this car. And when repairs to deal with oil leaks; and the oil pressure switch were undertaken, further faults were identified with the oil pump; contaminated coolant; and a faulty auxiliary belt. So, the car was not of satisfactory quality when supplied.

Because the parties disagree on how to put things right, I'm going to set out what this Service expects in these situations.

The car was not of satisfactory quality, so Mr M was entitled to a repair or replacement under the CRA, and I know that some repairs were undertaken. However, it is important to note here that the CRA only allows one attempt at fixing goods of unsatisfactory quality (not an attempt at each individual fault) before the consumer is entitled to other remedies – including rejection. It follows that, as parties are agreed that after some initial repairs the car continued to suffer from further inherent faults, it would be fair for Mr M to be able to reject it in accordance with his consumer rights as set out in the CRA.

But TMFL, as the supplier, has a responsibility under the CRA to make sure the car supplied to Mr M was of satisfactory quality. Because this didn't happen, there's things TMFL needs to do to put things right. I understand that it's done some of the things that this Service would expect in the circumstances, but it's disagreed with the other recommendations of our investigator. So, I'm now going to set out in full what TMFL needs to do. I understand that copies of all the receipts needed have been supplied to TMFL.

Putting things right

Unless it's already done so, I'm directing Tandem Motor Finance Limited to settle this complaint fairly by:

- ending the agreement with nothing further to pay;
- removing any adverse information from Mr M's credit file in relation to the agreement;
- collecting the car at no further cost to Mr M;
- refunding Mr M's deposit of £1,000;
- refunding Mr M's monthly payments because of the car's inherent quality issues;
- refunding Mr M for the cost of the repairs he had to pay for, along with any storage fees he's had to pay;
- refunding the hire car costs as Mr M wasn't kept mobile. TMFL can deduct from this amount any monthly instalments paid under the credit agreement that have already been refunded as Mr M should pay something to reflect that he had use of a car during this time;
- Refunding £234 for the cost of having the car transported;
- paying 8% simple yearly interest on all refunded amounts from the date of payment until the date of settlement*;
- paying £200 in compensation for any distress or inconvenience that's been caused due to the faulty goods;

*HM Revenue and Customs may require tax to be deducted from this interest. A certificate showing how much tax has been taken off must be provided if requested.

My final decision

My final decision is that I uphold this complaint. If it has not already done so, I direct Tandem Motor Finance Limited to pay redress as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 27 March 2025.

Andrew Macnamara
Ombudsman