

## The complaint

Miss I complains that a car supplied to her under a hire purchase agreement with Startline Motor Finance Limited (Startline) is of unsatisfactory quality.

## What happened

On 18 January 2024, Miss I entered into a hire purchase agreement with Startline for the supply of a used car, which I understand she took delivery of on 22 January. The cash price of the car was £4,500. Under the agreement, Miss I is to make 58 monthly payments of £119.36. At the time of supply, the car was just over eight years old and had done around 68,652 miles. Miss I says she couldn't test drive the car before she entered into the agreement because the salesman at the supplying dealership said he was the only person on site at the time and so couldn't leave the premises.

On 18 February 2024, Miss I took the car to a garage because of some issues she was having. The motor engineer who looked at it said there were strange noises from the engine. He didn't inspect the car because it was under warranty but advised Miss I to contact the supplying dealership about the issues.

I understand Miss I had had difficulties with the dealership, so she contacted Startline's agent to report the issues. The issues Miss I identified were as follows:

- Heater not working properly and sucking power from the engine when switched on.
- Thermostat set at half way as soon as the car starts moving and within three minutes is over half way.
- Driver windscreen washer not working properly.
- Tyre monitoring system not working.
- LCD display menu not working properly.
- USB power port not working properly.
- Fault with the airbags.
- Shock absorbers deteriorating as the car has excessive movement even at slow speeds.
- Coolant leaks.
- Strange sounds.

I understand the supplying dealership collected the car from Miss I on 24 February. It replaced two front tyres and the pollen filter and fixed the USB port. The dealership's invoice, which recorded the car's mileage as 69,005, also said:

*"No any other problem found in the vehicle*

*No coolant leak*

*No airbag warning light*

*No screen problem working properly suppose to work all function*

*No power loss done the test drive up to 70 miles/hour to 20 miles"*

Miss I was asked to collect the car from the supplying dealership once the repairs had been done but declined to do so. Instead, Miss I complained to Startline that she'd tried to exercise her short-term right to reject the car under the Consumer Rights Act 2015 but the supplying dealership had been very difficult and she'd been unable to do so. Miss I said Startline/the dealership hadn't fixed the serious faults with the car, had tried to bully her into collecting an unsafe car and had given her no proof that all of the repairs she said were needed had been done. So Miss I said she should be able to reject the car.

Startline didn't uphold Miss I's complaint. It has accepted there were faults with the car at the time of supply – because of the repairs the supplying dealership had done (which were within a short time of it being supplied to her). But Startline said it couldn't hold the dealership liable for repairs Miss I said had failed because she hadn't collected the car since they'd been carried out. Startline said, if Miss I collected the car and there were still faults once she got it back, she should get a diagnostic report from a garage confirming what they were and it would revisit her complaint.

Unhappy with this response, Miss I referred her complaint to us. The investigator who looked at it upheld it. He thought it was likely there were faults with the car at the time of supply and this made it of unsatisfactory quality. Because of this, he said Startline should refund Miss I 10% of the payments she made between 22 January and 24 February (plus interest). He also said Startline should pay Miss I £200 in compensation for the distress and inconvenience having impaired use of the car in this period had caused her. But, because the car had been repaired and our investigator had no evidence it was still faulty following the repairs, he didn't think Miss I had the right to reject it.

Startline has accepted our investigator's view but Miss I disagrees with it. She says she's refused to collect the car because she holds the supplying dealership responsible for failed repairs, none of which she says were completed to a satisfactory standard. She says she still wants to reject the car because, among other things, she hasn't been given proof it's safe to drive.

So Miss I's complaint has come 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.

I've also considered the relevant law and regulations, any regulator's rules, guidance and standards, any codes of practice, and (if appropriate) what I consider was good industry practice at the time.

Having done so, I've decided to uphold Miss I's complaint. But, as I'll explain, I don't think she's entitled to reject the car.

Startline supplied Miss I with a car under a hire purchase agreement. This is a regulated consumer credit agreement, which means we can look at complaints about it against Startline.

The Consumer Rights Act 2015 (CRA) covers agreements such as Miss I's hire purchase agreement. Under it, there's an implied term that the goods supplied will be of satisfactory quality. And the CRA says goods will be considered of satisfactory quality where they meet the standard that a reasonable person would consider satisfactory – taking into account the description of the goods, the price paid, and other relevant circumstances.

The CRA says the quality of the goods includes their general state and condition, as well as other things like their fitness for purpose, appearance and finish, freedom from minor defects, safety and durability.

The CRA also gives consumers a short-term right to reject a car that's of unsatisfactory quality. In Miss I's case, the time limit for exercising this right is the end of 30 days beginning with the first day after she took delivery of the car. Miss I first contacted Startline's agent about the issues she was having around 19 February (I say this because she's sent us a copy of an acknowledgement email from the agent dated that day). So this was within the 30-day short-term rejection period under the CRA.

The CRA also says, if a consumer agrees to or asks for the car to be repaired (or replaced), a waiting period starts on the day of the request and ends on the day the consumer gets the car back. So the clock stops running during the period of any repair or replacement. On return of the car, the consumer then has the remainder of the 30-day period or seven days (whichever is the longer) to use the short-term right to reject if the car is still faulty.

Since the car was taken in for repairs, I think it's likely Miss I either asked for or agreed to this. To be able to exercise her short-term right to reject the car in these circumstances, Miss I would've then needed to take the car back and, within seven days, if it was still faulty (despite the repairs) have exercised her right to reject it.

But that isn't what happened here. Miss I didn't take the car back at all. My understanding is that she hasn't seen or driven it since it was taken in for repair on 24 February. And that means I don't think Miss I is in a position to say the car is still faulty. I understand why Miss I has chosen not to collect the car – repairs haven't been carried out to deal with all of the faults she identified at the outset and so she doesn't believe it's safe to drive. But, apart from her own testimony about those faults (which Miss I identified *before* the car was taken in for repair), she has no independent evidence to support her view that the car is still faulty *after* the repairs. And the supplying dealership has said it hasn't found evidence of any faults, other than those it has dealt with (that is, the tyres, the pollen filter and the USB port). Without having taken the car back and got independent evidence that it's still faulty after the repairs, I don't think it would be fair and reasonable in the circumstances of this case for Miss I to exercise her short-term right to reject the car – or, at this stage, to exercise any of her rights under the CRA that apply after the first 30 days.

As I've already noted, Startline has accepted Miss I's car wasn't of satisfactory quality at the time it was supplied to her – because of the faults with the tyres, pollen filter and USB port the supplying dealership found when it was taken in for repair. I agree that, because of these faults, the car wasn't of satisfactory quality when it was supplied. So I think it was fair and reasonable that Startline agreed to these repairs. But from when Miss I took delivery of the car until it was taken in for repair on 24 February, the car wasn't performing as she was entitled to expect it to. Because of this, I think it's also fair and reasonable for Startline to refund Miss I 10% of the payments she made under her hire purchase agreement between 22 January and 24 February 2024. Miss I says she has health conditions which mean she relies on her car to get around and keep mobile. So I think not being supplied with a car that was of satisfactory quality has caused Miss I distress and inconvenience for which it's fair and reasonable Startline should pay her compensation of £200.

If Miss I collects her car and finds there are still faults with it, she should raise these with Startline in the first instance and, if she's unhappy with its response, she may be able to bring a new complaint to us.

## **My final decision**

For the reasons I've given, I uphold Miss I's complaint and direct Startline Motor Finance Limited to:

- Refund Miss I 10% of the payments she's made under her hire purchase agreement for the period 22 January 2024 to 24 February 2024 (together with simple interest at the rate of 8% a year from the date she made the payment(s) to the date of settlement).
- Pay Miss I £200 in compensation for the distress and inconvenience supplying her with a car of unsatisfactory quality has caused her. Startline Motor Finance Limited must pay this compensation within 28 days of the date of my final decision. If it doesn't, Startline Motor Finance Limited must pay Miss I simple interest on this amount at the rate of 8% a year from the date of my final decision to the date of settlement.
- Remove any adverse entries on Miss I's credit file connected to her hire purchase agreement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss I to accept or reject my decision before 26 November 2024.

Jane Gallacher  
**Ombudsman**