

## **The complaint**

Mr G complains that a car supplied to him under a hire purchase agreement with Oodle Financial Service Limited (Oodle) is of unsatisfactory quality.

## **What happened**

The circumstances surrounding this complaint and my initial findings were set out in my provisional decision which said:

*In October 2023 Mr G entered into a hire purchase agreement with Oodle to acquire a used car. The car was around seven years old, with a mileage of around 65,000. The cash price of the car was £26,591.00 with an advance payment of £15,000.00 made up of a £9,000.00 part exchange and £6,000.00 cash deposit. The total amount payable on the agreement was £33,413.92, payable over 48 months. This was made up of a first payment of £431.54 followed by 46 monthly repayments of £381.54, with a final repayment of £431.54.*

*Soon after purchasing the car Mr G noticed a smell of burning oil. He took this to a local repairer for investigation, where it was noted there was an oil leak. Mr G contacted the dealership about this, and it arranged for the car to be inspected.*

*This inspection diagnosed the issues as an oil leak from the transmission box. The inspection also noted the vehicle had been modified. As a result of the inspection the dealership confirmed they would take the car in and repair it.*

*In December, the dealership collected the vehicle. This was then returned to Mr G after around two weeks, and it confirmed the repair had been carried out.*

*Mr G states he could still smell oil, but put it down to the vehicle having been recently repaired, and needing time for the oil to burn off. In early January 2024, Mr G noticed a further issue with the oil leaking. The dealership replied to Mr G to explain as he's had the vehicle modified it wouldn't be responsible for repairing the vehicle.*

*At this point, Mr G contacted Oodle to complain. As part of their response, Oodle arranged for the vehicle to be inspected by an expert 3rd party car inspector.*

*The inspection took place in April, and the inspecting engineer confirmed it was their opinion that the car had been modified before the point of sale, with the modifications making the vehicle illegal for road use, an oil leak is present but they can't confirm the location of it, Mr G has added an intercooler to the vehicle, further investigation is needed to identify the exact location of the oil leak but that they think it would have been present or developing at the point of sale and if it is confirmed to be a re-occurrence of the transfer box leak this would be down to failed repair.*

*Having received the report, it seems as though Oodle were initially supporting a rejection of the vehicle, but this changed with their final response to Mr G's complaint. In its final response, Oodle rejected the complaint as Mr G had made modifications to the vehicle.*

*Mr G was unhappy with this, and brought the complaint to this service, where it was passed to one of our investigators.*

*The investigator upheld the complaint. She explained that the engineer's report confirmed there was an inherent fault with the vehicle present or developing at the point of sale, due to the modifications pre-sale making the car illegal for road use and contributed to the oil leak. The investigator said that Mr G should be able to reject the vehicle and thought Mr G should receive 20% of his repayments back that he's made from February 2024 – the month he complained to Oodle – because he may have contributed to the more recent oil leak due to adding an intercooler.*

*Mr G initially accepted this, but wasn't overly happy with the redress, and Oodle rejected the investigators opinion. Oodle sent in some further points to be considered, but these did not change the investigators outcome. As such, I've been asked to review the complaint to make a decision.*

*I sent Mr G and Oodle my provisional decision on 19 May 2025. I explained why I thought the complaint should be upheld. The key parts of my provisional findings are copied below:*

*I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.*

*Mr G acquired a car under a hire purchase agreement. Entering into consumer credit contracts like this is a regulated activity, so I'm satisfied we can consider Mr G's complaint about Oodle. Oodle is also the supplier of the goods under this type of agreement meaning they are responsible for a complaint about the supply of the car and its quality.*

*The Consumer Rights Act 2015 (CRA) is relevant in this case. It says that under a contract to supply goods, there is an implied term that "the quality of the goods is satisfactory, fit for purpose and as described". To be considered as satisfactory, the CRA says the goods need to meet the standard that a reasonable person would consider satisfactory, considering any description of the goods, the price and all the other relevant circumstances.*

*So, it seems likely that in a case involving a car, the other relevant circumstances a court would consider might include things like the age and mileage at the time of sale and the vehicle's history.*

*In this case, Mr G acquired a car that was around seven years old and had travelled around 65,000 miles. As this was a used car with this mileage and age, it's reasonable to expect parts may already have suffered more wear and tear when compared to a new car or one that is less travelled. There's a greater risk this car might need repair and/or maintenance sooner than a car which wasn't as road-worn.*

*I've reviewed the available evidence about the issues Mr G experienced with the car. Based on what I've seen, I'm satisfied that there was a fault with the car. I say this because neither Oodle nor Mr G dispute the vehicle had an oil leak. I've also seen an engineer's report confirming this, and confirmation of some of the modifications to the vehicle. Having considered the car had a fault, I've considered whether it was of satisfactory quality at the time of supply.*

*I can see that after Mr G reported the oil leak to the dealership, and this was inspected, it was noted that the transfer box bearings had failed, resulting in an issue with the prop-shaft, causing the oil leak. The inspection also commented on the fact that the vehicle has been modified with secondary cats removed alongside the presence of lowering springs and no EML illumination on the dashboard suggesting the ECU has been modified to delete the fault*

code for this as there should be cat efficiency faults stored with these removed. The inspection also confirms that the documents from the dealership show the lowering springs and cat removal were noted on the MPI check pre-sale.

This shows two things, the vehicle had modifications made pre-sale, that potentially make the car not roadworthy, and what parts failed to cause the original oil leak. I can see in November, Mr G provides an estimate for the work to repair the issue causing the oil leak.

In late December, there is an invoice showing the work the dealership carried out to rectify the issue as the warranty couldn't be used due to the modifications. The work suggested the following was carried out - leak from input and output shaft seals on transfer box, replaced seals tested all ok no leaks. This doesn't match up with the invoice provided by Mr G in terms of the amount of parts and work required to fix the leak.

When Mr G noticed oil leaking from his vehicle again, he contacted Oodle, and Oodle arranged for an inspection as the dealership said they wouldn't be responsible for the repairs due to vehicle modifications.

Oodle instructed a third party engineer to conduct an inspection and report on the vehicle, and the causes of any issues. Within that report, as mentioned above, the engineer confirms the following - the car had been modified before the point of sale, with the modifications making the vehicle illegal for road use, an oil leak is present but they can't confirm the location of it, Mr G has added an intercooler to the vehicle, further investigation is needed to identify the exact location of the oil leak but that they think it would have been present or developing at the point of sale and if it is confirmed to be a re-occurrence of the transfer box leak this would be down to a failed repair.

Importantly, the engineer states further investigation is needed, to determine the exact cause of the second oil leak. I can't see anywhere that this has happened. Instead, the focus became who modified the vehicle and when. It is Oodle's position, that Mr G made modifications to the vehicle and his social media activity gives the impression he was driving the vehicle hard. Oodle also do not appear to accept that the vehicle de-cat modifications had been made prior to the sale as the vehicle passed an MOT, and if this modification that

made it illegal for road use had been made before the point of sale, then it wouldn't have been able to pass the MOT.

I acknowledge Oodle's point, however there are receipts from before the point of sale showing the de-cat modifications, the warranty provider has also confirmed these modifications showed in the dealership's paperwork from before the point of sale. I'm persuaded by the evidence presented that the lowering springs and de-cat modifications were made pre-sale to Mr G. It follows that I'm persuaded that the ECU was likely modified pre-sale also to ignore the warnings the de-cat process the engineer says this would bring.

So, Oodle provided a vehicle to Mr G that was modified in a way that could cause issues with him being able to use his vehicle on the road. Research suggests this process can cause difficulties and can cause a car to fail an MOT. I can't speculate on why this hasn't done so far. However, the evidence shows modifications were made pre-sale. This persuades me there was an inherent fault with the vehicle at the point of sale.

Considering Mr G's social media activity, I acknowledge why Oodle think this gives the picture Mr G was modifying the vehicle, and potentially driving the car hard, but I have no actual evidence that the vehicle was driven in such a manner. I can see that the vehicle was supplied at around 65,000 miles, and then this was recorded as 69,494 when the vehicle was inspected around 6 months later. Whilst this doesn't show Mr G's overall driving habits,

*it doesn't seem out of line with the time he's had the vehicle. The social media activity doesn't confirm anything other than what we actually know, that Mr G fitted an intercooler and an intake pipe. I have no evidence to show that either of these things caused an issue.*

*What we do know, is that the vehicle suffered two oil leaks in a short space of time. Regarding the oil leak, the engineer's report can't confirm if the second oil leak is a result of failed repairs to the first leak. This is because they are unable to confirm the source of the leak, and explain further investigation is needed. This was in April 2024, and as far as I can tell, this was never carried out. There is no information to show whether the intercooler Mr G added has caused any leak. What we do know, is the oil leak occurred, the source was found and a repair was attempted, and we then do not know whether this repair was of a sufficient standard or not as the instructions from the engineer's report were not followed.*

*However, the fact that the vehicle has suffered another oil leak so soon after the first, persuades me that even if it isn't in directly the same place as the first leak, this constitutes a failed repair. This is because under the CRA in this situation, the supplier has one chance to repair the vehicle as a whole, and with another oil leak so soon after the first, it's clear this hasn't happened.*

*Having weighed up all the information, I'm persuaded that the car was not of satisfactory quality when it was supplied, and the vehicle has suffered a failed repair due to the second oil leak happening so soon after the first.*

I invited both parties to make any further comments. Mr G responded to accept my provisional decision and wanted clarification on a if his credit file should be amended as was mentioned in the investigator's view, to which I responded by email to both parties. As Oodle provided Mr G a car of unsatisfactory quality, it should remove any negative information recorded about the agreement on his credit file. Oodle did not respond to my provisional decision. Now both sides have had an opportunity to comment on the above, I can go ahead with my final decision.

## **Findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

As neither party responded to my provisional findings with any further information to be considered outside of the credit information explained above, I see no reason to depart from my findings above. I've copied below what I provisionally decided Oodle need to do to put things right. As I received the credit information from Mr G, this has also been updated to include this.

## **Putting things right**

As I've concluded that the car was not of satisfactory quality when it was supplied, I think it's reasonable that Oodle should put things right.

In this case, I do think it's reasonable that Mr G should be allowed to reject the vehicle as laid out by the CRA. I say this because the vehicle was supplied with modifications that could lead to potential legality issues alongside a failed repair.

Oodle will need to end the agreement with nothing further to pay, arrange to collect the vehicle at no cost to Mr G and refund the total deposit paid, however Oodle are entitled to keep any part made up of a dealer contribution. Mr G has explained he's been unable to use

the vehicle and has kept himself mobile by purchasing another car. This appears to be backed up by the vehicle's mileage. I think it is fair that Mr G is entitled to all his monthly payments back from February 2024 – the month he complained, as he hasn't had use of the car, and has taken reasonable steps to keep mobile, he shouldn't have to incur two costs because Oodle supplied him with a vehicle that wasn't of satisfactory quality. If Mr G can provide evidence of his insurance costs for another vehicle, I think it is fair that Oodle repay his insurance costs incurred on the vehicle under this agreement from February 2024. I acknowledge the investigator thought Mr G may have contributed to the second leak, and so thought only 20% of the payments back is fair, but as explained above, I have nothing to show that Mr G actually did contribute to the leak and he should not be out of pocket due to being sold a vehicle of unsatisfactory quality.

Mr G has added an intercooler and intake pipe, and as such this may cost Oodle to put the vehicle back in the position it was when it was supplied. Mr G should have the modifications removed at his cost, or Oodle will be allowed to deduct reasonable costs to undertake this work from the settlement figure paid to Mr G. Mr G could well have the opportunity to provide quotes to show what reasonable costs might be in this case.

I considered if a payment for distress and inconvenience was due in this complaint, and having weighed everything up, I do think things could have been resolved much sooner, had Oodle undertaken the work recommended in the engineer's report to get to the bottom of the issues, I do think Mr G will have suffered some distress when Oodle were liaising with other parties about the issue and it will have been upsetting for Mr G to not have use of the vehicle he's paid for. It is fair in this complaint for Oodle to pay Mr G £300 for the distress and inconvenience caused. As Oodle provided Mr G a car that was of unsatisfactory quality, it should remove any negative information recorded about the agreement on his credit file.

### **My final decision**

For the reasons explained in my provisional decision, I intend to uphold Mr G's complaint and instruct Oodle Financial Services Limited to do the following:

- End the agreement with nothing further to pay.
- Collect the vehicle at no cost to Mr G if not done already.
- Refund the total deposit paid towards the agreement including the part-exchange value. Oodle Financial Services Limited is entitled to retain any part of the deposit that was made up of dealer contributions if applicable.
- Refund all monthly payments Mr G has paid from February 2024 until the date of settlement.
- Refund evidenced insurance costs if Mr G can supply evidence of paying for this elsewhere during this time from February 2024 until the date of settlement to Oodle Financial Services Limited.
- Pay 8% simple yearly interest\* on the above, to be calculated from when Mr G made the payment to the date of settlement.
- Pay Mr G £300 for the distress and inconvenience caused.
- Oodle Financial Services Limited is entitled to deduct reasonable costs from the settlement figure to remove the intercooler and intake pipe added by Mr G, if it is evidenced Mr G has not had the work carried out himself before the vehicle is collected by Oodle Financial Services Limited. Mr G has confirmed he has had this work carried out.
- Remove any adverse information recorded about the agreement on Mr G's credit file.

\*HM Revenue & Customs requires Oodle Financial Services Limited to deduct tax from the interest amount. Oodle Financial Services Limited should give Mr G a certificate showing

how much tax it has deducted If he asks for one. Mr G can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 14 July 2025.

Jack Evans  
**Ombudsman**