

The complaint

Mr B complains that the car he acquired through Oodle Financial Services Limited wasn't of satisfactory quality. He says he identified a number of issues and problems with the car on the day it was acquired. Mr B he wants to reject the car.

Mr B is represented in his complaint. For ease of reading, any reference to "Mr B" refers to the testimony of both Mr B and his representative.

What happened

Mr B entered into a hire purchase agreement in October 2023 to acquire a used car. The cash price of the car was £13,950, and he paid a deposit of £3,000 towards this. The balance owing was to be paid through the credit agreement which was set up over a 60 month term. His monthly payments were £292.46 for 58 months of the agreement, and he needed to pay £342.46 in month 1 and month 60; meaning the total amount repayable under the agreement would be £20,647.60. At the time of acquisition, the car invoice confirms that the car had been driven 60,000 miles and was just over seven years old.

Mr B told us:

- He'd been told that the car had been serviced, but an engine management light lit up the day he collected the car;
- when he contacted the supplying dealership, it confirmed the car had been serviced and it was likely that the warning light simply hadn't been turned off;
- he wasn't given any receipts for servicing, and when he contacted the manufacturer, it advised that the car had never been serviced by it;
- he'd questioned the MOT records and car's emissions because it appeared that the car had hardly been driven between MOTs – but he was reassured that all was well, and the situation was simply a *"credit to the car's previous owners"*;
- the car broke down in December – less than six weeks after acquiring it, and it's not really been back on the road since;
- there were issues with the warranty he'd purchased and the registration of it in terms of when it was dated, and the car's total mileage;
- in December, the car's steering failed, and warning lights illuminated including the EML, hill descent control (HDC), electronic brake pressure distributor (EBP), emissions catalyst and an alternator warning light. A manufacturer's recall in respect of the steering was addressed in January 2024, but on collecting the car, it broke down; the engine simply cut out, and every light on the dashboard illuminated; and there was a smell of something burning;
- he was recovered by a well-known third-party roadside assistance firm and taken to a garage approved under the warranty he'd purchased;
- a number of issues were identified, and repairs to the alternator, crankshaft, and car battery were completed;
- he collected the car on 20 February, but the engine management light was still illuminated, and the following day a warning light indicated that the oil level was critically low, so he added oil until the warning light went off;

- later that same week, the car broke down again, in some quite distressing circumstances – details of which are known to all parties – and it had to be recovered again;
- the car is not fit for purpose and should never have been sold to him. It's left him out of pocket – he's spent £3,000 on a deposit and has had to pay nearly £300 in monthly rentals to Oodle, together with the cost of an extended warranty, breakdown cover and car insurance. And he has no usable car.

Mr B says the issues with the car have affected his working life; his family life and his health. He says the car is dangerous, and that it was not safe to drive (on the rare occasions it actually worked).

Oodle upheld this complaint but said that the selling dealership should be afforded an opportunity to investigate and repair the vehicle at no cost to Mr B. It said that although some repairs (and subsequent repairs) had been completed under warranty; and the recall had been fulfilled by the manufacturer; there was no right for Mr B to reject the car – the supplying dealership had not had its opportunity to repair the car.

Oodle did say that it had *“approached them to accept rejection, taking into consideration what has happened with the vehicle and had repairs previously under the warranty policy taken out in the agreement. This was not accepted and requested for them to be granted their one opportunity to repair the vehicle...Should the repairs carried out by the supplying dealer fail, you will be entitled to reject the vehicle”*. And it made a payment to Mr B of £100 as a goodwill gesture.

Some time later, after Mr B had brought his complaint to this Service, Oodle arranged for an independent inspection of the car to determine whether repairs carried out on 19 February had simply failed and resulted in the subsequent issues. That inspection report found that there were 17 fault codes present on the car.

Our investigator looked at this complaint and said that she thought it should be upheld. She said there were clearly things that were wrong with the car, and she didn't think that Oodle had acted fairly in the circumstances.

She explained she'd seen communications from Mr B to the supplying dealership from October 2023 where he first raised the issue of the dashboard warning light being illuminated. And she'd had sight of invoices from February 2024 confirming the repairs that had needed undertaking. She said she was satisfied there were faults with the car.

Our investigator also noted the findings of the independent report, and she drew Oodle's attention to the following:

- *“the engineer does not believe the alternator replacement has caused the issues present”*; the conclusion being that the repairs completed under warranty had not caused any of the subsequent issues.
- *“if the issues were raised with the dealer and there is evidence of this, then in my opinion this does become the dealerships liability”*; the conclusion being that Mr B's communication with the dealership shortly after he acquired the car confirmed it was liable for the faults with it; they'd clearly been present or developing at the point of supply.

She concluded that the car was not of satisfactory quality when it was supplied, and she thought the fair conclusion to this complaint was to allow Mr B to reject the car, and she asked Oodle to pay Mr B £300 compensation for the distress and inconvenience caused.

But she told Mr B that she wouldn't look to reimburse him for the costs of other items such as car tax and car insurance – these were a legal requirement and would've provided cover in the event of third-party damage, fire or theft. And she said she couldn't ask Oodle to compensate anyone other than Mr B. She advised Mr B that any complaints he had about the warranty he'd purchased would need to be discussed directly with the warranty provider; the warranty had not been taken out as part of the finance provided by Oodle.

In response to our investigator's view, Oodle said that the current issue with the car was a timing chain rattle, and that this had not been raised as an issue by Mr B until 10 May 2024. It said the independent inspector, on being advised of this, had said this issue would not have been present or developing at the point of sale and was not related to a previous fault.

In response to our investigator's view, Mr B said the mileage on the car at the point of supply had been recorded incorrectly, and he provided a short timeline of what had happened with the car since it had been supplied in October 2023.

Our investigator reviewed her findings in the light of the additional submissions from Mr B and Oodle, but she said she was still persuaded that the car supplied was not of satisfactory quality. And she said that although Mr B may not have specifically made reference to the *timing chain*, he had reported faults with the engine soon after the car was supplied, and that a reasonable person would expect the engine management light to illuminate if there were issues with the engine or parts directly associated with it, such as the timing chain.

She also said the value of the independent inspector's comments was limited owing to the fact that it was clear the advised mileage and usage of the car was incorrect. The inspector had been told that the car had been driven 5,000 miles by Mr B in the time between acquiring it – October 2023 – and the inspection in May 2024. In actual fact the recorded mileage at the point of supply was incorrect, the recorded mileage on the MOT in May 2023 – five months before Mr B acquired it – was nearly 61,000 miles. And she couldn't be sure that the inspector had been told that Mr B had had very limited usage of the car in 2024 because of the faults and breakdowns of the car.

She also explained Oodle's obligations under the Consumer Rights Act 2015 and associated legislation. She said that a business generally has one opportunity to repair or replace the car. If the car still doesn't meet the quality standards outlined by the legislation, whether it's because of a new problem or simply that the original issue persists, then a consumer is entitled to exercise their right to rejection. And although she understood Oodle's position that the *current* timing chain fault isn't linked to *previous* repairs, she was not persuaded by this argument because the legislation identifies that there's one opportunity to repair all the faults – not one opportunity to repair each and every individual fault separately.

Oodle disagrees so the complaint comes 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.

Having considered all the evidence and testimony from both Mr B and Oodle afresh, I've reached the same conclusion as our investigator and for broadly the same reasons. I'll explain why.

The hire purchase agreement entered into by Mr B is a regulated consumer credit agreement which means that this Service is able to consider complaints relating to it. Oodle

is also the supplier of the goods under this type of agreement, and it is responsible for a complaint about their quality.

The Consumer Rights Act 2015 (“CRA”) is relevant to this complaint. It says that under a contract to supply goods, there is an implied term that the “quality of the goods is satisfactory”.

To be considered “satisfactory” the goods would need to meet the standard that a reasonable person would consider satisfactory – taking into account any description of the goods, the price and other relevant factors. Those factors, in the case of a car purchase, will include things like the age and mileage of the car at the time of sale, and the car’s history.

The quality of the goods includes their general condition and other things like their fitness for purpose, appearance and finish, safety and durability.

Here, the car was acquired used with a cash price of £13,950. It was around seven years old and the paperwork said it had travelled 60,000 miles at the time of supply. With this in mind, it’s reasonable to say that parts of the car may have already suffered from wear and tear.

In this particular case, Mr B raised the issue of the engine management light very soon after acquiring the car – but his concern was simply dismissed as a case of the light not being turned off after its recent service.

There then followed a catalogue of issues, faults and problems with the car over the next four months, some of which are addressed by repairs or a manufacturer’s recall, but the car continued to experience problems and it broke down on more than one occasion. And the subsequent independent inspection identified 17 fault codes after some repairs had been undertaken, but it confirmed that the outstanding fault – the timing chain – wasn’t a result of previous failed repairs.

Taking all of this into account along with the evidence provided by Mr B, including invoices for the work he had undertaken and his consistent testimony throughout, I’m satisfied there is a fault with the car.

Oodle says there’s a current issue – the timing chain – but that Mr B didn’t raise this until May 2024, just over six months after he acquired the car. And it says because of this, there’s no evidence that this fault was present or developing at the point of supply. And it’s based this conclusion on the independent engineer’s report.

But, like our investigator, I’m troubled by the information that does *not* appear to have been provided to the engineer upon their instruction and therefore cannot have been a part of their analysis and conclusions. Accordingly, I place limited value on this report. My concerns are as follows:

- It’s clear that Mr B highlighted the engine management light to the supplying dealership within hours of acquiring the car – but these concerns were dismissed.
- There’s no dispute that the car broke down within six weeks of acquisition and was recovered by a reputable and recognised recover business and that repairs were completed by an authorised party associated with the warranty.
- Mr B is not a qualified mechanic or engineer and is likely unfamiliar with the parts and components of an engine and those associated with an engine’s operation. He may not have specifically referred to the *timing chain* as being a fault or an issue, but it’s

evident that he escalated issues with the engine – the warning lights on the dashboard and the fact it broke down on several occasions and needed recovering.

- There's evidence to *suggest* that the base date provided to the engineer – the mileage driven and the usage of the car – is incorrect. The MOT undertaken five months before supply shows a mileage almost 1,000 miles higher than that recorded at the point of supply, and there may well have been additional miles driven between that MOT and the supply of the car in October 2023. So, the mileage that the engineer may have believed Mr B to have driven the car may have been over-stated. Moreover, the consistent testimony from Mr B is that from the time of the first break down – just six weeks after supply – the car has not really been driven at all.
- I've also been signposted to the official MOT check website – where details of previous MOTs are available to view.
 - The MOT undertaken on 12 April 2021 failed with a major defect. The major defect was described as *Engine MIL inoperative or indicates a malfunction*. The record says this is a *major defect* and required immediate repair.
 - The MOT undertaken on 27 April 2022 failed with a major defect. The major defect was described as *Engine MIL inoperative or indicates a malfunction*. The record says this is a *major defect* and required immediate repair.

I acknowledge that the underlying cause of the faults is not clear, but that's through no fault of Mr B's. The faults manifested themselves within a very short time of the car being acquired; Mr B provided detailed evidence of what happened and what he'd experienced. Taking everything into consideration, I've seen insufficient evidence to conclude that the car was of satisfactory quality when supplied. Put simply, a reasonable person would not expect to experience these issues with a car so quickly after supply.

I've considered carefully Oodle's submission that although it "*approached the supplying dealership to accept rejection, taking into consideration what has happened and had repairs under the warranty policy*", the supplying dealership exercised its right to have one opportunity to repair the car. But this isn't quite right. As the supplier of the car under this regulated consumer credit agreement, Oodle is responsible for any complaint about the car's quality. And if it were minded to accept the rejection of the car, Oodle should've instructed the supplying dealership to reject the car, rather than enquiring of it whether it would accept rejection of the car.

And, in any event, I don't think Mr B's actions have prejudiced Oodle. He'd clearly experienced a loss of trust with the supplying dealership – it told him it simply hadn't turned off the warning light, and there's the issues with the recorded mileage and the setup of the warranty. So, when the car subsequently broke down, Mr B arranged recovery by a reputable roadside recovery business and then had repairs undertaken by a third party authorised under the warranty that had been sold to him. I don't think that any reasonable person would conclude that Mr B had done anything other than what Oodle would've directed him to do, had he contacted Oodle first. Put simply, his actions were not unreasonable in the circumstances.

Considering the relevant law, I think it's fair that Mr B should've been able to reject the car, and I'm going to direct that Oodle do a number of things to put things right. Mr B also told us about the distress he experienced, and he provided details of the effect this had on him, so I'm going to direct that Oodle pays some compensation to him in recognition of this.

Putting things right

Unless it has already done so, I direct Oodle Financial Services Limited to put things right by:

- ending the credit agreement with nothing further to pay;
- removing any adverse information from Mr B's credit file in relation to the agreement.
- collecting the car at no further cost to Mr B
- refunding Mr B's deposit of £3,000;
- refunding Mr B's monthly rentals for the period from December 2023 to the date of settlement as he reasonably stopped using the car at this point;
- paying 8% simple interest on all refunded amounts from the date of payment until the date of settlement*;
- paying a further amount of £300 for the distress and inconvenience that's been caused;

*HM Revenue & Customs requires Oodle Financial Services Limited to take off tax from this interest. Oodle Financial Services Limited must give Mr B a certificate showing how much tax has been taken off if he asks for one.

My final decision

My final decision is that I uphold this complaint and require Oodle Financial Services Limited to compensate Mr B as I've directed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 13 February 2025.

Andrew Macnamara
Ombudsman