

The complaint

Miss D complains that the car she acquired through Oodle Financial Services Limited wasn't of satisfactory quality. She says she identified a number of issues and problems with the car on the day it was delivered, and it was subsequently collected by the supplying dealer. Miss D says she wants to reject the car.

What happened

Miss D entered into a hire purchase agreement in April 2024 to acquire a used car. She paid a deposit of £270, and the balance was to be paid through the credit agreement which was set up over a 60-month term. Her monthly payments were £208.21 meaning the total repayable under the agreement would be £12,862.60. At the time of acquisition, the car had been driven just over 55,000 miles and was just around nine years old.

Miss D told us:

- She found a car that she liked, and the finance for it was arranged through Oodle;
- the finance was finalised on 9 April 2024, and she was required to pay a deposit of £270, and a further £100 for the car to be delivered fully fuelled;
- a short time after delivery – that same day – she turned on the car's ignition and clouds of smoke came from the exhaust, so she contacted a mechanic to take a look at things;
- the mechanic established a number of faults with the car; the engine appeared to be leaking oil - there was unexplained oil on top of the engine and on the bottom tray; the water pump wasn't working; the rear bumper was damaged; there was rust on the driver's door; and there were faults with two of the lights – one was cracked, and another had water ingress;
- she contacted the dealer on 13 April, and it arranged to collect the car a few days later, and then she confirmed to Oodle and the dealer that she wished to cancel the finance agreement and that she no longer wanted the car;
- the Broker and Oodle told her she needed to collect the car from the dealer and that she needed to pay her monthly payments – but she told them she would not pay for a car that was faulty; a car that she no longer wanted; and a car that she no longer had in her possession.

Oodle rejected this complaint. It explained that the 14-day cooling off period was the time for Miss D to *"remove herself from the finance agreement and find other ways or methods of payment to make towards the finance agreement as outlined in the terms and conditions..."*

It said an MOT was completed just before Miss D acquired the car, and there were no advisories, so it was satisfied that the car supplied was of satisfactory quality. Moreover, it had contacted the dealer and been advised that it had found no faults with it.

Oodle said it had asked Miss D to arrange an independent inspection with a recognised expert, but that this had not been possible as she was no longer in possession of the car. And as she had no desire to collect it from the dealer, Oodle said it had advised its recoveries team that the car had been abandoned. To avoid storage charges, Oodle said it

had recovered the car and sold it at auction, leaving outstanding arrears on the account of more than £7,000.

Oodle told this Service that it thought this was simply a case of *buyer's remorse*; the car had only been driven four miles which was the distance between the dealership, the MOT centre and Miss D's property, so it didn't think she had even driven the car. And it said that the dealer told it there was no oil leak and the water pump was working as expected.

Unhappy with Oodle's response, Miss D brought her complaint to this Service, and she provided photographic and video evidence of the issues and problems highlighted by the mechanic when the car was first delivered

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 – it was its responsibility to arrange an independent inspection of the car and the issues and faults highlighted by Miss D in order to establish whether they were present or developing when the car was supplied.

She explained Oodle's obligations under the Consumer Rights Act 2015 and said that taking everything into account, she didn't think the car supplied by Oodle had been of satisfactory quality, and she thought a fair outcome in this case would be to allow Miss D to reject the car.

Oodle disagrees so the complaint comes to me to decide. It says Miss D signed a vehicle checklist when she accepted delivery of the car confirming items on its list had been checked and were in working order, and the recent MOT confirmed that the car was road legal. It says there's no evidence of any issues and this is a clear case of buyer's remorse.

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 Miss D 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 Miss D 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 just under £7,000. It was around nine years old and had travelled just over 55,000 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, the issues and concerns about the car's quality were flagged by Miss D very soon after the car was supplied. And the photographic and video evidence she's provided was taken within a few hours of the car's delivery. Furthermore, Miss D's testimony has been consistent throughout her complaint about the car.

Oodle says that there's no evidence of any fault with the car and it says that the supplying dealership's checklist confirms the car was in good working order when it was supplied. But like our investigator, I think the reliability of the checklist is limited; it doesn't assess or comment on the mechanical integrity of the car, and some of Miss D's concerns only became apparent when her own mechanic was asked to look at the engine in more detail following her concern with the level of smoke emitted by the exhaust system when she first turned on the ignition. And importantly, these issues and faults are more recent than any other evidence, so in my opinion, they carry more weight.

I understand the position Oodle has taken in this complaint, but the fact remains that the onus was on it to investigate Miss D's concerns and as the issues and faults she'd identified appeared so soon after the car's supply, it was Oodle's responsibility, not Miss D's, to instruct an independent inspection of the car. And an independent inspection would have determined whether the faults and issues were present or developing at the point the car was supplied. An independent inspection might also have provided some insight into the relative seriousness of each of Miss D's concerns and whether repairs could be carried out in respect of each fault, together with their likelihood of success. But this is something that is no longer possible, because Oodle sold the car at auction in June 2024.

And although Oodle says it tried to get an inspection undertaken – it asked Miss D to arrange one – it knew the location of the car; it had been returned to the supplying dealership in mid-April, and it remained there up until the point it was sold at auction in June 2024.

I acknowledge that the underlying cause of the faults was not identified, but that's through no fault of Miss D's. The faults occurred within a very short time of the car being acquired; Miss D provided evidence of what she'd seen and, in her testimony, explained what her mechanic had told her. 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 within days of supply and when the car had only travelled four miles.

Considering the relevant law, I think it's fair that Miss D should've been able to reject the car had it not been sold at auction, and I'm going to direct that Oodle do a number of things to put things right so that Miss D isn't liable for the arrears that have arisen when the car was sold at auction. Miss D also told us about the distress she experienced, and she provided details of the effect this had on her, so I'm going to direct that Oodle pays some compensation to her 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 agreement with nothing further to pay;
- removing outstanding arrears from Miss D's account
- refunding Miss D's deposit of £270;
- refunding Miss D the £100 she paid for a fully fuelled car;
- refunding Miss D all rentals for the period from 17 April 2024 to the date of settlement as she reasonably stopped using the car at this point;
- pay 8% simple yearly interest on all refunded amounts from the date of payment until the date of settlement*;
- pay a further amount of £200 for any distress or 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 Miss D a certificate showing how much tax has been taken off if she asks for one.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 5 February 2025.

Andrew Macnamara
Ombudsman