

The complaint

Mr G complains that a car supplied to him with finance from Blue Motor Finance Ltd ("BMF") was previously reported as stolen/recovered and sold for salvage. He says the car has a salvage marker which has impacted on his ability to sell the car and on its value, and he believes the car was mis sold to him.

What happened

On 3 July 2021 Mr G purchased a used car and entered into a hire purchase agreement with BMF. Mr G paid a deposit of £5000 in cash and received a part exchange contribution of £2000 for his old car. The total cost of the car was £20,387 with £13,387 financed using the hire purchase agreement. The term of the agreement was 48 months with monthly payments of £365.82.

After around 3 years Mr G decided to sell the car. He visited several dealerships and was initially offered market value for the car (around £8000 - £9000) but once further checks were undertaken, the value he was offered was withdrawn or dropped significantly due to the potential purchasers discovering a salvage marker against the car.

Mr G complained to BMF. BMF didn't uphold the complaint. In its final response it said that prior to agreeing the loan, it had carried out checks against the car and hadn't found any record that the car had been stolen, written off or salvaged. BMF acknowledged that the information provided by Mr G indicated that the car had been sold free of damage by a salvage company prior to Mr G having purchased it. BMF said the information had been provided by a third-party company and it couldn't confirm that the information was accurate. BMF said the car hadn't been recorded as salvage and had no markers against it. It said that it was fit for purpose at the point of sale to Mr G and there was no information to suggest that the value of the car had been affected.

Mr G remained unhappy and brought his complaint to this service. He wants a full refund.

Our investigator upheld the complaint. He said it wasn't in dispute that there was a salvage marker on the car as Mr G had provided a copy of the POCTRA report, as well as evidence that potential purchasers of the car declined to go through with the purchase once they became aware of the salvage marker. The investigator said he appreciated that the HPI report provided by BMF showed the car as clear reporting but said the ease with which potential purchasers had discovered the salvage marker meant that had the dealer/BMF carried out the appropriate checks at the time of sale to Mr G, they would've discovered the salvage marker. The investigator concluded that the car wasn't as described, which amounted to a breach of contract for which BMF was jointly liable for. The investigator said that BMF should collect the car and end the agreement with nothing further for Mr G to pay and refund the deposit contribution of £7000 plus interest.

BMF didn't agree. It said the car didn't have a salvage marker, but that it wasn't in dispute that the car had been sold at a salvage auction in 2018. It said it didn't know the circumstances leading to why the car was sold at a salvage auction other than what the POCTRA report said. BMF said there had been no issues with the car, which was confirmed

by the MOT history. BMF also said it could see that Mr G had been offered £8000 - £9000 when looking to sell the car, which was fair retail value.

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.

The Consumer Rights Act 2015 is relevant to this complaint. This says that goods must be of satisfactory quality when supplied. Cars are of satisfactory quality if they are of a standard that a reasonable person would regard as acceptable, taking into account things such as the age and mileage of the car and the price paid. The legislation says that the quality of the goods includes their general state and condition and other things like fitness for purpose, appearance and finish, freedom from minor defects and durability.

I've reviewed the POCTRA report which has been provided by Mr G. This shows that the car was sold at a salvage auction in October 2018 with a status of stolen/recovered.

I've also reviewed the information from potential purchasers of the car. This shows that more than one purchaser has declined to purchase the car because of the salvage history. Another potential purchaser said the market value of the car would be around £8000 - £9000 but in light of the salvage history they would only give Mr G £1000.

Mr G has said that if he'd been made aware of the salvage history of the car, he wouldn't have gone ahead with the purchase because of the impact that this might have on his ability to sell the car in the future and at what value. I can see that Mr G paid market value for the car at the time of purchase in 2021 and that no discount was given in respect of the salvage history. There's nothing on the sales documentation to suggest that Mr G was made aware of the salvage history of the car at the point of sale.

Having reviewed this information, I agree with the investigator that it wasn't fair for Mr G to be supplied with a car which had been reported as stolen/recovered and salvaged. I don't know whether the supplying dealer was aware of the salvage history, but if they were, I'm satisfied that they didn't make Mr G aware of it.

BMF has said in its final response that it carried out checks before agreeing the loan and hadn't found any evidence that the car had been stolen or salvaged. It has provided a copy of a clear HPI check. Whilst I agree that the HPI check is clear, I think the speed and ease with which Mr G (and the potential purchasers of the car) have discovered the salvage history means that the supplying dealer was either aware or ought to have been aware (had it carried out appropriate checks) of the car's salvage history. And BMF are jointly liable with the supplying dealer in this respect.

Taking everything into account, I don't think the car was as described. This is one of the requirements under the relevant legislation, so there's been a breach of contract here.

I've gone on to consider what a fair and reasonable resolution to this complaint would be. Mr G has requested a full refund of the purchase price of the car. I don't think this would be a fair resolution, because Mr G has driven the car for around 3 years with no issues. I must take this usage into account. In the circumstances, I'm not persuaded that any refund of monthly payments is appropriate here.

I've considered the available evidence about the value of the car now. Mr G puts the market value at around £8000 - £9000 if the car didn't have the salvage history. The evidence from potential purchasers suggests that they either won't buy the car at all, or that they are only

prepared to pay £1000 for it.

I can see that Mr G paid a deposit contribution of £7000 (£5000 cash and £2000 part exchange value) when he purchased the car. Because of the salvage history, and based on the information I've seen, the car is now only worth £1000, when it should be worth around £8000. This means Mr G has suffered a loss of around £7000 on the value of the car. I think the fairest way to resolve this complaint would be for BMF to end the agreement, collect the car and refund Mr G his deposit contribution.

Putting things right

To put things right, Blue Motor Finance Ltd must:

End the agreement

Arrange to collect the car at no cost to Mr G

Refund Mr G the deposit contribution of £7000 together with 8% simple interest from the date of payment to the date of settlement

Remove any negative information on Mr G's credit file in relation to this agreement

My final decision

My final decision is that I uphold the complaint. Blue Motor Finance Ltd must take the steps I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 1 January 2025.

Emma Davy
Ombudsman