

The complaint

Mr H complains that a car that was supplied to him under a hire purchase agreement with Go Car Credit Limited wasn't of satisfactory quality.

What happened

I issued a provisional decision on this complaint in November 2024. I described what had happened in the provisional decision, as follows:

"A used car was supplied to Mr H under a hire purchase agreement with Go Car Credit that he electronically signed in March 2023. The price of the car was £17,538, the agreement shows that there was an advance payment/part exchange of £5,930 and Mr H agreed to make 60 monthly payments of £350.74 to Go Car Credit.

Mr H complained to the dealer about some issues with the car in April 2023, including the stop/start function, and the car was repaired. He complained to Go Car Credit about issues with the car, including the stop/start function in September 2023. The car was inspected by an independent expert in November 2023 and Go Car Credit said in December 2023 that Mr H's complaint wasn't upheld due to insufficient evidence regarding the faults he'd reported being present at the point of sale and the fault was deemed to be a wear and tear item.

Mr H wasn't satisfied with its response so complained to this service. His complaint was looked at by one of this service's investigators who, having considered everything, thought that it should be upheld. She didn't think that the car was of satisfactory quality at the point of supply and she thought that Mr H should be allowed to reject it. She recommended that Go Car Credit should: end the agreement and collect the car; refund Mr H's deposit of £5,930 and 25% of all rentals for the period from March 2023 to the date of settlement, with interest; refund the cost of a diagnostic report; pay £200 for any distress or inconvenience that had been caused; and remove any adverse information from Mr H's credit file in relation to the agreement.

Go Car Credit didn't agree with the investigator's recommendation but said that it would be happy to review a repair quote if one was provided by Mr H which would allow him to keep the car in full working condition. Mr H didn't accept that offer and Go Car Credit asked for this complaint to be considered by an ombudsman. It says, in summary, that:

- the inspection in April 2023 didn't replicate a fault with the stop/start, so this wasn't a chance to repair it and two further inspections have been done since the complaint was raised, which were unable to prove that the issue was present at the point of sale and it doesn't believe that Mr H should be entitled to reject the car;*
- it has offered to repair any outstanding issues without proof of the fault being present at the point of sale which it believes is more than fair as Mr H has completed around 9,000 miles in the car so the issue hasn't stopped any usage of the car;*
- Mr H left it from April to November 2023 to complain about the fault; and*
- the investigator's recommendation has been made on the balance of probability which it doesn't believe is a fair outcome”.*

Provisional decision

I set out my provisional findings in that provisional decision. I said:

“Go Car Credit, as the supplier of the car, was responsible for ensuring that it was of satisfactory quality when it was supplied to Mr H. Whether or not it was of satisfactory quality at that time will depend on a number of factors, including the age and mileage of the car and the price that was paid for it. The car that was supplied to Mr H was about four and a half years old, had been driven for 17,530 miles and had a price of £17,538. Satisfactory quality also covers durability which means that the components within the car must be durable and last a reasonable amount of time – but exactly how long that time is will depend on a number of factors.

Mr H contacted the dealer in April 2023, less than a month after the car had been supplied to him, about issues with the car's active safety brake and auto stop. The car was repaired and Mr H continued to use it. He complained to Go Car Credit in September 2023, less than six months after the car had been supplied to him, about a number of issues with the car.

The car was inspected by an independent expert in November 2023. The inspection report recorded the car's mileage at that time as 26,989 miles and said:

“The engineer noted the stop/start failed to operate; stop/ start light was flashing on the display. The engineer scanned the vehicle again and 2 trouble codes were identified (imaged)”; and:

“This vehicle has now covered over 9,000 miles since purchased in June 23. Any fault codes/warning lights that were apparent have now been cleared, a possible cause for some of these lights were due to the battery being changed on 3 occasions. All fault code's customer has imaged are no longer showing on the vehicle. The scan carried out after the road test has now shown 2 new fault codes, they have no connection with previous codes cleared. Further investigation into the new codes identified at this inspection is required under workshop conditions”.

It said that there was a fault with the stop/start and the two new fault codes (which related to an abnormal engine control module scanning result) and that the stop/start issue was apparently identified in the first week, but previous codes had been cleared down and it was unable to identify a time frame of when the codes were stored in the car's engine control module.

Go Car Credit said that there was insufficient evidence regarding the faults that Mr H had reported being present at the point of sale. But the inspection found that the stop/start wasn't operating and Mr H had previously complained about issues with the car's stop/start. I consider that it would have been fair and reasonable at that time for Go Car Credit to have offered to arrange and pay for the issue with the car's stop/start to be repaired. But it didn't do that and rejected Mr H's complaint.

Only after the investigator had recommended that Mr H should be allowed to reject the car did it say that if Mr H wants to get the car inspected and provide it with a repair quote, it would be happy to review it for him which would allow him to keep the car in full working condition. And I note that it hasn't offered to pay for any issues with the car to be repaired, it has only offered to review the quote.

Mr H says that, due to the unreliability of the car he's had to get another car to allow him to have some faith that he wouldn't be stranded miles away from home when the car decides not to unlock or doesn't want to start or throws up other codes instructing him to go to a garage for inspection and he made a statutory off road notification about the car in May 2024. He says that the car had to come back on the road in July 2024 due to some family issues and, because it then needed to be moved on the street due to some building work, another statutory off-road notification wasn't made until the end of October 2024. He also says that the car continues to be spurious with alarms both on the dash and anti-theft alarm going off in addition to not always starting or locking/unlocking. In complaints such as this one, where the evidence is incomplete, inconclusive or contradictory, I have to make my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances. The inspection report says that the stop/start failed to operate and the stop/start light was flashing and Mr H had complained in April 2023 about issues with the car's stop/start function. Having considered all of the available evidence, I consider it to be more likely than not that there's an issue with the car's stop/start function that caused it not to have been of satisfactory quality when it was supplied to Mr H.

Mr H complained to Go Car Credit about that issue in September 2023 but it didn't make its offer to review a repair quote until March 2024 and a statutory off-road notification was made about the car in May 2024. In these circumstances, I agree with the investigator that it would be fair and reasonable for Mr H to be able to reject the car.

I consider that Go Car Credit should end the hire purchase agreement and collect the car from Mr H, both at no cost to him. The agreement shows that there was an advance payment/part exchange of £5,930. I consider that it would be fair and reasonable for Go Car Credit to refund £5,930 to Mr H, with interest.

The investigator recommended that Go Car Credit should refund to Mr H 25% of the monthly payments that he'd made under the agreement because he'd had impaired use of the car due to the issues with it. But I can see that the car passed an MOT test in March 2024 when its mileage was recorded as 32,090 miles and Mr H said earlier this month that the car's mileage was 38,265 miles. So in about twenty months since

the car was supplied to Mr H in March 2023, the car has been driven for 20,735 miles. Clearly the issue with the car's stop/start function will have affected Mr H's use and enjoyment of the car, but given the use that he's had from the car, I'm not persuaded that it would be fair or reasonable for me to require Go Car Credit to refund to Mr H any of the monthly payments that he made during that period or to pay him any compensation for the distress and inconvenience that he's been caused.

I understand that Mr H has stopped making the monthly payments to Go Car Credit but he's been able to use the car and I find that it's fair and reasonable that he should pay for that use. So I consider that the value of the monthly payments that Mr H should have made under the agreement for the period up to the end of October 2024 (when the second statutory off-road notification about the car was made) but which are outstanding should be deducted from the refunds that I've said should be made to Mr H by Go Car Credit.

Mr H arranged a diagnostic report on the car by his local garage and says that the cost of it is still due because the dealer refused to pay for it. I consider that it would be fair and reasonable for Go Car Credit to reimburse Mr H for the cost of that report, with interest, if he provides it with a copy of the garage's invoice.

I've seen no evidence to show that Go Car Credit has recorded any adverse information relating to the hire purchase agreement on Mr H's credit file, but if it has recorded any adverse information I consider that it should remove it".

Second provisional decision

Mr H responded to my provisional decision and I was persuaded that the actions that I'd recommended that Go Car Credit should take should be changed so I issued a second provisional decision. I said in my second provisional decision:

"I still consider that it would be fair and reasonable for Go Car Credit to end the hire purchase agreement and arrange for the car to be collected from Mr H, to refund the advance payment of £5,930, to reimburse Mr H for the cost of the diagnostic report (both with interest) and to remove any adverse information about the hire purchase agreement that it's recorded on Mr H's credit file.

In my first provisional decision I said that the value of the monthly payments that Mr H should have made to Go Car Credit under the hire purchase agreement for the period up to the end of October 2024 but which are outstanding should be deducted from the amount to be refunded to Mr H by Go Car Credit. Having considered this further in the light of Mr H's comments in response to my provisional decision, I no longer consider that to be fair and reasonable.

It's clear from what Mr H has said that his use of the car has been impacted by the issues with the car. He complained to Go Car Credit about issues with the car in September 2023 but he continued to use it and he made a statutory off-road notification about the car in May 2024. Go Car Credit made its offer to review a repair quote in March 2024. I consider that it should have accepted Mr H's rejection of the car at that time so I don't consider that it's fair or reasonable for Mr H to have to make any payments for his use of the car after the date that Go Car Credit made that offer. I consider that the value of the monthly payments that Mr H should have made to Go Car Credit under the hire purchase agreement for the period up to 27 March 2024 but which are outstanding should be deducted from the amount to be refunded to Mr H by Go Car Credit".

Go Car Credit says that the car's mileage was 26,996 in November 2023 and 32,090 in March 2024 and that its current mileage is 38,265 which shows Mr H has had fair usage of the car throughout the length of his agreement. It says that Mr B travelled 6,175 miles between March 2024 and January 2025, which proves that he was able to use the car up until recently. Mr H says that there's also an outstanding invoice for £60 for a diagnostic check from May 2023.

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 done so, I'm not persuaded that I should change the amounts to be refunded to Mr H that I described in my second provisional decision. Although Mr H has been able to use the car, that use has been impacted by the issues with it. He says that he normally drives in excess of 30,000 miles each year based on his location and distance to hospitals, shopping, and work requirements. I consider that Go Car Credit should have accepted Mr H's rejection of the car in March 2024 so I don't consider that it's fair or reasonable in these circumstances for Mr H to have to make any payments for his use of the car after the date that Go Car Credit made its offer to review a repair quote.

Mr H says that there's also an outstanding invoice for £60 for diagnostic check from May 2023 and I find that it would be fair and reasonable for Go Car Credit to pay that invoice.

Putting things right

I find that it would be fair and reasonable for Go Car Credit to take the actions described in my second provisional decision (and that it should also pay the May 2023 invoice for £60) and which are set out below.

My final decision

My decision is that I uphold Mr H's complaint and order Go Car Credit Limited to:

1. End the hire purchase agreement and arrange for the car to be collected from Mr H – both at no cost to him.
2. Refund £5,930 to Mr H.
3. Reimburse Mr H for the cost of the diagnostic report if he provides it with a copy of the garage's invoice.
4. Pay interest on the amounts at 2 and 3 above at an annual rate of 8% simple from the date of each payment to the date of settlement.
5. Pay the May 2023 £60 invoice for a diagnostic check.
6. Remove any adverse information about the hire purchase agreement that it's recorded on Mr H's credit file.

But the value of the monthly payments that Mr H should have made to Go Car Credit under the hire purchase agreement for the period up to 27 March 2024 but which are outstanding should be deducted from the amount to be refunded to Mr H by Go Car Credit.

HM Revenue & Customs requires Go Car Credit to deduct tax from the interest payment referred to above. Go Car Credit must give Mr H a certificate showing how much tax it's deducted if he asks it for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 10 March February 2025.

Jarrold Hastings
Ombudsman