

The complaint

Mrs M is unhappy that a car supplied to her under a hire purchase agreement with Startline Motor Finance Limited trading as Startline ('Startline') was of an unsatisfactory quality.

When I refer to what Mrs M or Startline have said or done, it should also be taken to include things said or done on their behalf.

What happened

In March 2023 Mrs M was supplied with a used car through a hire purchase agreement with Startline. The cash price of the car was £16,198. Mrs M paid a deposit/part-exchange of £5,100 and the total amount payable was £23,354.20 over 60 months, with a first monthly payment of £304.07, then 58 monthly payments of £304.07 and a final payment of £314.07. At the time of supply, the car had travelled around 85,359 miles and its date of registration was Jun 2016.

In July 2024 Mrs M took the car to a manufacturer garage for a health check and the garage told her not to drive the car because it was dangerous, and the timing chain could seize up at any time. They also told her there were a number of fault codes relating to issues including the cam belt, timing chain, NOX sensor, EGR, and turbo and they said that the work required to address the problems with the car would cost around £10,000.

Mrs M complained to Startline in August 2024 and said that the car is undriveable, and that the faults found during the health check were present when Startline supplied her with the car. She also says that the supplying dealer provided misleading information about the mileage of the car.

Startline arranged an independent inspection of the car, and a report was provided by an independent engineer in August 2024. This report said that the repairs required to return the car to a serviceable condition were the result of general, not premature, maintenance issues. They also said that they believed the car would have been considered fit for purpose and of a satisfactory standard at the time of supply, and although there are some underlying issues, these are the result of wear and tear through general usage and have only developed into an issue that requires rectification after the car was supplied to Mrs M.

Startline told Mrs M they were not upholding her complaint because there is no evidence that the faults with the car were present or developing at the point of supply, or that they were the result of a failed repair.

Mrs M was unhappy with this response, so she referred her complaint to the Financial Ombudsman Service (Financial Ombudsman).

Our investigator said she didn't think there was enough evidence to determine that the car had faults which were present or developing at the point of supply, or that any components leading to the problems with the car have failed prematurely, which in turn would mean that Startline supplied Mrs M with a car which was of unsatisfactory quality. Because of this, she

didn't think it would be fair and reasonable to ask Startline to contribute to the cost of repairs or accept rejection of the car.

Mrs M didn't agree with the investigator. She provided some further information which she said showed that when the car was supplied to her in March 2023 it had the same fault codes that were found during the July 2024 health check.

Because Mrs M didn't agree, this matter has been passed to me to make a final decision.

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.

If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome. Where evidence has been incomplete or contradictory, I've reached my view on the balance of probabilities – what I think is most likely to have happened given the available evidence and wider circumstances.

In considering this complaint I've had regard to the relevant law and regulations, any regulator's rules, guidance and standards, codes of practice, and (if appropriate) what I consider was good industry practice at the time.

Mrs M was supplied with a car under a hire purchase agreement. This is a regulated consumer credit agreement which means we're able to investigate complaints about it.

The Consumer Rights Act 2015 (CRA) covers agreements such as the one Mrs M entered into. Under this agreement, there is an implied term that the goods supplied will be of satisfactory quality. The CRA says that goods will be considered of satisfactory quality where they meet the standard that a reasonable person would consider satisfactory – taking into account the description of the goods, the price paid, and other relevant circumstances. I think in this case those relevant circumstances include, but are not limited to, the age and mileage of the car and the cash price. The CRA says the quality of the goods includes their general state and condition, as well as other things like their fitness for purpose, appearance and finish, freedom from minor defects, safety, and durability.

So, if I thought the car was faulty when Mrs M took possession of it, or that the car wasn't sufficiently durable, and this made the car not of a satisfactory quality, it'd be fair and reasonable to ask Startline to put this right.

Firstly, I would like to express my considerable sympathy for the position Mrs M is in. I know this has been a very difficult time for her. With that in mind, I know that what I'm about to say will be unwelcome news to Mrs M, and I'm truly sorry if my decision adds to her distress. However, I'm unable to uphold her complaint. In this case I think there isn't sufficient evidence to say that the car wasn't of satisfactory quality when supplied to Mrs M. My reasons for this are broadly the same as our investigator's but I will summarise them below.

The cash price of the car was £16,198 and, at the time Mrs M acquired it, the car was around seven years old and had travelled around 85,359 miles. So, I think a reasonable person would expect that there's a higher risk this car might need repairs and/or maintenance sooner than a more expensive car, or one which was newer, or had lower mileage when it was supplied.

I have reviewed the reports provided by the manufacturer garage which carried out the health check in July 2024 and the independent engineer who inspected the car in August 2024. Considering these, together with the other evidence provided, there doesn't seem to be a dispute that the car has faults. However, just because there are faults with the car, doesn't automatically mean that the car wasn't of satisfactory quality when Mrs M acquired it. So, I've gone on to consider if the car was of satisfactory quality when it was supplied to Mrs M.

After acquiring the car Mrs M drove it for around 16 months and she had travelled in the car for a further 15,718 miles before she took it to a manufacturer garage in July 2024 for the health check, which she said was because of an intermittent amber warning light and suspected heavy oil usage. At this point the car had travelled around 101,077 miles.

Startline say that if faults were inherent at point of supply Mrs M wouldn't have been able to cover the distance she did in the car during the period she used it between March 2023 and July 2024, and that the length of ownership and miles covered before the problems were identified supports their view that there wasn't an issue present or developing when they supplied the car to Mrs M. As a result, they won't support Mrs M's request to reject the car.

Mrs M has provided a copy of a document dated March 2023 which she says she was given at the point of supply, and which she says lists the same fault codes that were present on the car when the health check was carried out in July 2024. She says that this is proof that the car was faulty when supplied. She also says when she got the car, she was told that any existing faults had been repaired, and that she wouldn't have proceeded with the acquisition of the car if she had known they hadn't been.

In addition, she says the warranty states that the supplying dealer certified that the car was mechanically sound when supplied, but the dealer knew that it had several engine faults, therefore both the car and the warranty were supplied to her on a fraudulent basis, and the warranty was invalidated.

I have compared the fault codes on the two documents provided and some are the same or similar, but not all. However, even if some are the same or similar, just because fault codes are stored on a car's system doesn't mean those faults were present at the point of supply, and/or that they haven't been addressed. Also, I have not seen enough evidence to be able to say that, most likely, Mrs M was told at the point of supply that any existing faults had been repaired. And, even if fault codes were present, this does not automatically mean that the car has faults that need addressing right away or that the car is of unsatisfactory quality.

The source of the document from March 2023 isn't clear and the mileage on it doesn't correspond with the mileage on the MOT record of the car. The MOT record shows that on 12 October 2023 the mileage on the car was 91,319, therefore the mileage in March 2023 couldn't have been 92,642 as shown on the document dated 11 March 2023, which was the date Mrs M acquired the car. The MOT history also shows that the car's mileage in September 2022 was 82,283 which is in line with the mileage of 85,359 shown on documents provided at the point of supply in March 2023. Therefore, on balance, I don't think there is sufficient evidence either to show that Startline provided misleading information about the mileage.

Mrs M says that she had noticed excessive oil use and an amber engine light on intermittently, throughout the time she had the car. She also says that within weeks of having the car she emailed the supplying dealer about a suspected loss of power in certain gears, which she thought was related to the clutch and she says there is evidence of a complaint email she sent in March 2023 very soon after acquiring the car. However, I have not seen

anything to show that any faults with the car were brought to the attention of Startline, the supplying dealer or the warranty company before July 2024.

In relation to the warranty, the evidence provided shows that the warranty was for one year starting from 11 March 2023, therefore by the time the health check was done in July 2024 and the faults with the car were found, the warranty would have expired.

At this point I want to consider what the independent engineer says about the car. Their report from July 2024, confirms that the engineer's duty is to the courts, not to the person who instructed or paid for the report. As such, I'm satisfied this report is reasonable to rely upon.

I have already covered the matter of the diagnostic fault codes above. The engineer's report also contains the following observations:

- Coolant and oil levels were acceptable. There was slight oil leakage from the top timing chain covers, but no other visible abnormalities were evident.
- When started from cold, the engine idled with some difficulties, with a noticeable delayed engine start up and excessive black smoke from exhaust tail pipe. All dash warning lights came on and extinguished correctly, except the EML which remained on constantly.
- Immediately on start up the engine timing chains exhibited excessive noise and are most probably stretched, and the turbo was noisy when the engine was revved.
- The turbocharger, and the timing chain have reached the end of their life, need to be replaced and at the same time the DPF will require cleaning (not just regenerated).
- The car appears to have covered around 16,000 miles since the date of supply, which is sufficient mileage for wear to the timing chain and associated components and wear to the turbocharger to have progressed to the point that imminent replacement is required.
- With the repairs required to return the car to a serviceable condition being the result of general maintenance rather than a manufacturing material defect, this maintenance wouldn't be regarded as premature maintenance and therefore isn't the responsibility of the supplying garage.
- The car would have been considered fit for purpose at the time of purchase and of a satisfactory standard. Although there are some underlying issues, these are the result of wear and tear through general usage and have only developed into an issue that requires rectification after purchase.

Mrs M acquired the car in March 2023 when it had travelled around 85,359 miles. This is recorded on the 99-point Vehicle Safety Inspection (VSI) document from February 2023, which I note does not highlight any faults with the car which need attention. When Mrs M stopped driving the car in July 2024 it had travelled a further 15,718 miles approximately.

I see that Mrs M did have the car serviced on two occasions. Firstly, on 20 November 2023, at which point the service record notes the mileage as 93,078. That service record makes reference to the front tyres but does not highlight any other issues with the car. I think it is most likely that, had the faults in question been present during the servicing of the car, the garage doing the servicing on this occasion would have pointed out these faults to Mrs M at that time.

Mrs M had the car serviced again on 2 April 2024, at which point the service record notes the mileage as 97,229. During this service some of the faults in question and/or similar faults were raised but Mrs M kept driving the car for around 3,848 miles and four months, which

could have made things worse, before taking the car for a health check in July 2024, after which she stopped driving the car.

When considering all of this evidence, alongside the independent engineer's statement that the timing chain and turbocharger have reached the end of their lifespans, and that the mileage covered since the car was supplied to Mrs M is sufficient for them to have progressed to this point, I am not persuaded that these faults were present at the point of sale, nor am I persuaded that the car or its components weren't sufficiently durable when the car was supplied to Mrs M.

I have also considered the VSI document when thinking about the durability of the car in relation to the other issues identified from the July 2024 health check. None of the issues highlighted in the health check were raised in the VSI as needing attention. The fact that these other issues arose 16 months later doesn't mean that the car wasn't of satisfactory quality when supplied, for the same reasons that I have stated above in relation the timing belt and turbocharger.

Therefore, in relation to all of the issues raised in the health check I think that, most likely, they have arisen due to normal wear and tear from Mrs M's use of the car in the time she had it and not because they were present at the point of supply.

Mrs M says that the extent of the repairs needed to make the car roadworthy, only 16 months after she acquired it, are such that they couldn't have arisen during her period of usage and therefore they must have been present when she acquired the car. But based on the mileage and age of the car when she acquired it, and the period of time during which she used the car and the additional mileage covered, I think it's not unreasonable to conclude that the car would have been subject to some wear and tear during that period, and that a reasonable person would expect that a car of this age and price might develop issues requiring repair. Also, at the time Mrs M acquired the car, it was around seven years old and had already travelled around 85,359 miles, so, I think a reasonable person would expect that there's a higher risk this car might need repairs and/or maintenance sooner than a more expensive car, or one which was newer, or had lower mileage when it was supplied.

Therefore, based on all the circumstances and information provided in this particular case, including the age and price of the car, and how long Mrs M had the car before the faults were found, and the distance covered in that time, I can't say I have seen enough to be able to conclude that, most likely, the car wasn't sufficiently durable, or that a fault was present or developing at that point of supply which would make the car of unsatisfactory quality.

My final decision

For the reasons explained, I don't uphold Mrs M's complaint about Startline Motor Finance Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 23 December 2024.

Liz Feeney
Ombudsman