

## **The complaint**

Ms C complains about the quality of a used car she acquired through a hire purchase agreement with Oodle Financial Services Limited ('Oodle'). Ms C says that the engine has failed on the car, and she thinks that it wasn't of satisfactory quality. She would like the car either repaired or to be able to reject it.

## **What happened**

Ms C's complaint is about the quality of a car she acquired in August 2022. The car was used, and it was first registered in March 2015. So, it was over seven years old when Ms C received it. It had covered 47,023 miles.

Ms C acquired the car using a hire purchase agreement that was started in August 2022. The vehicle had a retail price of £10,402.72 and the total amount was financed. This agreement was to be repaid through 60 monthly instalments, the first instalment was for £314.40 followed by 58 monthly repayments of £264.40 and then a final instalment of £314.40. If Ms C made the repayments in line with the credit agreement, she would need to repay a total of £15,964.

Ms C has complained about the quality of the car. Below is a summary of the issues complained about by Ms C and the investigation and repair work that has been carried out by the dealership, a garage, and some independent reporting companies. Alongside what has happened in respect of the complaint.

Fourteen days after the purchase of the car Ms C says she noticed a burning smell and she took the car to a garage to be looked at. She was told the problem may be the clutch and to monitor this. This was repaired in September 2023 after Ms C had driven the car 11,923 miles. The issues with the clutch don't form part of this complaint.

Ms C says she was told that the car was fully serviced at the point of sale. But it isn't certain that this was the case. The service history I've seen shows that the car was serviced in December 2019 when it had completed 30,810 miles and in December 2022 after it had completed 50,682 miles.

The service book does show that an MOT and service were completed on 21 December 2021 at 46,107 miles. But this is handwritten and is not stamped by the dealership or garage. So, there is some uncertainty about what work was completed at this point in respect of servicing the car.

In March 2024, the car broke down and was recovered to the garage that maintained it. There has been several inspections and reports about what the problem is with the car.

The first report, completed by an independent reporting company in April 2024, found that the car had a misfire, problems with the cylinders and there was a strong smell of burnt fuel. It thought that the vehicle was unlikely to be considered durable and therefore wasn't sold in a satisfactory condition at the point of sale.

The second report was completed by an independent reporting company in May 2024 (after Miss M had complained to Oodle). It confirmed the vehicle has a misfire. It's not clear what investigation took place in this report as there is no real detail about this. But it concluded that it didn't believe the issue would be present or developing at the point of sale and that the vehicle was durable as it had covered 19,559 miles since the time of supply. It didn't think Oodle, or the dealership, should repair the car.

The third report was commissioned by Ms C after Oodle had rejected her complaint. It was completed by the mechanic that has looked after the car during Ms C's time of ownership. Part of it says that:

*'I have put a bore scope down the engine and could see scoring on the bore. Ms C has brought the car to me several times to be serviced, as she informed me that since purchasing the car, she had to top the oil up with roughly a litre and a half approximately every 1,000 miles. The hope was that the servicing would improve this, but unfortunately this wasn't the case and if anything it only got worse. As evidenced by the engine failure. In my opinion this would suggest that the damage to the bore was already present upon purchase of the vehicle. I can see that there's a missing stamp on the logbook from before Ms C purchased the vehicle. This invalidates the legitimacy of that service and the damage to the bore has caused the engine to misfire'.*

Ms C has complained to Oodle saying that the car now had a significant engine fault and she thought this was due to the lack of servicing of the car at an earlier time.

Oodle has considered Ms C's complaint, and it hasn't upheld it. It said it had commissioned an independent report into the problems that Ms C had reported with the vehicle. This report concluded the problems she had with the car were not likely to be present or developing at the time of sale. Ms C didn't agree with this and brought her complaint to the Financial Ombudsman Service.

Our Investigator has considered the complaint and has written two opinions. I'll concentrate on the second one as it contains all the relevant information about the complaint. She upheld the complaint as she was persuaded by the third report from the garage that has serviced the car that the engine fault was likely to have been present or developing at the time of supply. Given that the CRA does generally allow for goods to be repaired for a fault that has occurred more than six months after the point of supply she said that Oodle should do this.

Oodle didn't agree with the Investigator. It has said that the comments from the garage Ms C used were not independent. The second independent report was more reliable. It wasn't credible that Ms C had been adding oil at such a significant rate, and if she had been doing this then she would have complained earlier.

There was some further correspondence our Investigator did address the further issues raised but didn't change her opinion about the complaint. Because Oodle 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.

In considering what is fair and reasonable, I need to have regard to the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider was good industry practice at the relevant time.

The agreement in this case is a regulated hire purchase agreement – so we can consider a complaint relating to it. Oodle as the supplier of the goods under this type of agreement 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 all the other relevant circumstances. So, it seems likely that in a case involving a car, the other relevant circumstances a court would take into account might include things like the age and mileage at the time of sale and the car's history.

The CRA quality of the goods includes their general state and condition and other things like their fitness for purpose, appearance and finish, freedom from minor defects, safety, and durability can be aspects of the quality of goods.

This car was over seven years old when Ms C acquired it and it had travelled over 47,000 miles. I think a reasonable person would accept that such a vehicle would probably have some parts that are worn and would need replacing sooner or later – which is reflected in the lower price paid in comparison to a new vehicle.

But there's also a reasonable expectation that a vehicle will be relatively durable - taking into account its age, price and mileage at the outset. So even though the vehicle wasn't new Ms C should have been able to use it for a reasonable period before it needed significant work.

### **Was there a fault with the car?**

It's been established that the car has engine damage and now either needs a significant repair to the engine, or a new engine. All the three mechanics or engineers that have investigated the problems have confirmed this and so I think it's reasonable to say it's established.

### **Was the car of satisfactory quality bearing in mind the fault?**

Oodle said the faults happened too far on from the point of supply for them to have been present when supplied. I appreciate the engine problem that Ms C is now complaining about took place after she had driven it around 20,000 miles. But I need to consider whether the car was durable. If parts or systems of it prematurely, this might indicate there was already a problem with the car when it was supplied.

I have taken on board that the car breakdown did happen a long time after Ms C acquired the car. And she had driven it a significant number of miles. So, to uphold the complaint, I think the evidence should show that it's likely that the car had a problem when supplied, and that this problem could lead to a deterioration of the engine over time. Which may not have been immediately obvious when the damage was taking place.

Given what I have been provided about the underlying issue with the car, I think I do have this evidence. The garage where the car has been serviced has said that the car has 'bore scoring' which is damage to the cylinders. This in turn can cause further damage to the engine over time as it leads to excessive oil consumption. Ms C's mechanic has said that this was determined after he examined the cylinders, using a specialist tool, and it was likely

that this damage was present or developing at the time of sale. This damage could be due to an earlier missed service.

So, the information from this garage identifies a problem with the engine and it provides a reason for why the engine is behaving in the way it is. And it does show that the 'bore scoring' may not result in immediate and or noticeable problems. It does provide a reason for the excessive oil consumption that Ms C has reported.

Oodles principal objection to our Investigator relying on this evidence, and explanation of the car's problems, was that this mechanic may not have been impartial. I've not seen anything that shows this may be the case, or that the information that he has provided is incorrect. And having considered all three reports the one from this mechanic seems to be the only one, at least in what is in the report, that demonstrates an investigation into the problems with the car.

Whilst the earlier two reports reach different conclusions, they are both very brief in respect of what investigation was done and why they have reached their respective conclusions. The second report (which Oodle instructed) has no information on what the engineer considered and why he reached the conclusions he did. It is implied that because Ms C has driven the car around 20,000 miles it is likely the fault was not present or developing at the time of sale, but it doesn't say this. It doesn't give any other reason why the car was of satisfactory quality. Given the brevity and lack of detail in this report it's hard to put much weight on it.

I think the information provided by the garage (the third report) is the most plausible and I'm persuaded by it that the car wasn't likely of satisfactory quality when Ms C acquired it. Oodle should now put this right.

Where a car develops a fault beyond six months of purchase then a repair is usually the right thing to do. The garage has indicated that the car can be repaired and Oodle should now ensure this is done in a reasonable time.

Ms C has been unable to use the car since 18 March 2024 when it broke down. So, I think she should get a refund for any payments made from 18 March 2024 until the car is brought back to a serviceable condition.

Ms C was inconvenienced on several occasions by having to take the car back and forth to the garage. I can also imagine it would have been very frustrating and stressful for the car to have broken down and she has been without transport for a significant period. So, I think the £300 suggested by our Investigator for the distress and inconvenience she experienced is fair.

Ms C has also had to pay to have the car looked at to determine what the fault with it was. She paid £180 for the first independent engineer's inspection and for a diagnostic report completed which cost £83.99. She shouldn't have had to pay for these investigations so I think it would be fair and reasonable for Oodle to reimburse these costs.

### **Putting things right**

I uphold this complaint against Oodle Financial Services Limited it should now:

- Arrange, or pay for, the repairs that are needed to the engine. Ms C can provide a quote for repairs from a VAT registered garage.
- Pay a refund of the finance repayments made from 18 March 2024 to the date the car is properly repaired.
- Refund Ms C for additional expenses of £263.99.

- Pay 8% simple yearly interest on these refunded amounts from the date of payment until the date of settlement.
- Pay £300 for the distress or inconvenience that's been caused.
- Remove any adverse information from the customer's credit file in relation to the agreement.

If Oodle considers that it's required by HM Revenue & Customs to withhold income tax from the interest part of my award, it should tell Ms C how much it's taken off. It should also give Ms C a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

### **My final decision**

For the reasons I've explained, I uphold Ms C's complaint.

Oodle Financial Services Limited should put things right by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms C to accept or reject my decision before 23 April 2025.

Andy Burlinson  
**Ombudsman**