

The complaint

Miss B complains that Startline Motor Finance Limited supplied her with a car that wasn't of satisfactory quality.

What happened

In February 2023, Miss B acquired a used car using a hire purchase agreement from Startline. The cash price of the car was £29,980. It was around 4 years old and had travelled around 37,000 miles. Miss B paid a deposit of £250, and the rest was financed by the hire purchase agreement. She was required to pay 48 monthly repayment of £669.05, followed by a final optional payment of £14,822.99 if she wanted to take ownership of the car.

Miss B says that within the first month the engine management light ("EML") illuminated. The car was taken to a manufacturer approved garage who did not locate any fault. Miss B says the EML illuminated again two weeks later.

In June 2023, Miss B contacted Startline to ask for assistance as she said the car had faults and she wanted to know what could be done. Startline asked Miss B to provide evidence of the faults with the car. However, she didn't initially respond so Startline said it couldn't assist her. Miss B then provided a diagnostic report from a garage showing several fault codes on the car.

Startline weren't satisfied with this initial report and asked Miss B to provide another one detailing the nature of the faults. Miss B provided Startline with another report from a manufacturer approved garage dated August 2023, which I understand she paid £210 for. This report set out that Miss B had covered around 6,500 miles in the car. It said a sensor had failed and needed replacing and that the timing chain had failed a 'stretch test' and required replacing. It also said that the bonnet vent clips needed replacing and that it found the balance shafts to be noisy and advised that these should also be replaced.

Startline says that it sent this report to the dealership that had brokered the finance agreement and the dealership agreed to cover the costs of a replacement sensor but that the other issues were down to normal in service wear and tear. Startline said it would be prepared to pay for an independent inspection of the car to determine whether it was liable for the costs of the additional repairs.

Miss B agreed for Startline to arrange for the inspection to be completed, however, Miss B never responded to the inspection company's attempts to arrange the inspection.

Miss B says that she wasn't prepared to wait for another inspection and instead paid for the repairs to be completed. She says these repairs have fixed the issues with the car.

I sent Miss B and Startline my provisional decision on 15 October 2024. I explained why I thought the complaint should be upheld.

Miss B acquired the car under a hire purchase agreement. Our service is able to consider complaints relating to these sorts of regulated consumer credit agreements.

The CRA covers agreements like the one Miss B entered into and it implies terms into the agreement that the goods that are supplied should be of satisfactory quality. Startline is the “trader” for the purposes of the CRA and is responsible for dealing with a complaint about the quality of the car that was supplied.

The CRA says that the quality of the goods is satisfactory if they meet the standard a reasonable person would consider satisfactory – taking into account the description of the goods, the price and all other relevant circumstances. For this case, I think the other relevant circumstances include the age and mileage of the car at the point of supply.

In this case, the car supplied was used, around 4 years old and had covered around 37,000 miles when Miss B took possession of it. It had a cash price of £29,980. What would be considered satisfactory would therefore be different to if Miss B had acquired the same car brand new and at a greater cost.

There doesn't appear to be any dispute that the car had a fault with a sensor and this was causing the EML to illuminate. Startline has already said it is prepared to cover the costs of replacing that sensor.

In addition, a manufacturer approved garage highlighted that the balance shafts and timing chain required replacing, as did the bonnet vent clips. It seems that Miss B took the car to two different manufacturer approved garages for diagnosis as well as estimates for the repairs. Both garages diagnosed almost identical issues with the car (one did not mention the bonnet vent clips).

Further, Miss B had taken the car to another garage in around July 2023 which ran a diagnostic report on the car's ECU and found fault codes which appeared to relate to the car's engine (of which the timing chain and balance shafts are part of). One of the two manufacturer approved garages also located these same fault codes and it was this that led it to conduct further tests on the timing chain and ultimately to conclude that it as well as the balance shafts required replacing. Overall, I'm persuaded by the evidence Miss B has provided from the three separate garages to indicate the car did have faults in at least July 2023 in relation to the timing chain and by September 2023 the balance shafts and bonnet vent clips.

Startline says that it has not been given an opportunity to inspect the car and verify whether the faults that have been identified were likely present or developing at the point of sale. It also says the CRA entitles Startline to one attempt at a repair, which is no longer possible given that Miss B has had the work completed. I'll deal with each of these issues in turn.

I'm satisfied, based on the evidence available, that the car was not of satisfactory quality when it was supplied. As I've set out above, Miss B has taken the car to three separate garages, all of which have identified faults with the car, and it seems clear to me that these faults were linked to the car's engine specifically the timing chain and to a lesser extent, the balance shafts and sensor.

Both manufacturer approved garages that inspected the car completed a stretch test on the timing chain and found it to fail the test. It said on this basis the timing chain required replacing. I don't accept what Startline says that the timing chain was not faulty. It appears it was not functioning correctly as both garages accepted that the car was driving 'sluggish' and that this was linked to the timing chain.

By the time Miss B had the car inspected in September 2023, the car had travelled

around 43,500 miles. It appears that the usual expected lifespan of the timing chain in the make and model of car Miss B has, was over 100,000 miles. It appears that the manufacturer usually recommends replacement of the timing chain during the 120,000 mile service in similar models. And most cars have not too dissimilar expectations on the lifespan of a timing chain. Therefore, I'm satisfied that the timing chain in Miss B's car has required replacement substantially sooner than would be reasonably expected. I therefore don't think it was reasonably durable, meaning it was not of satisfactory quality when supplied.

While I accept that Startline ought to have been given an opportunity to inspect the car by Miss B, I don't necessarily agree it didn't have an opportunity to do so (I'll deal with this in more detail later). But even I thought Miss B had unreasonably prevented it from inspecting the car (which I don't) I don't agree that this has disadvantaged Startline.

I say this because three garages have inspected the car in various way, two of them manufacturer approved garages and they have all reached broadly the same conclusion. I find it unlikely that a fourth inspection (with the same level of scrutiny as the two manufacturer garages) would have led to a substantially different conclusion on what was wrong with the car or whether it was of satisfactory quality when supplied. And even if it had, that it would have been persuasive enough to outweigh the evidence provided by the other three garages.

I've also considered what Startline has said about not having the opportunity to carry out a repair on the faults. I note that Miss B notified Startline of the need for a repair in June 2023. She supplied it with a diagnostic report in July 2023 showing that there were fault codes present in the car. When Startline weren't satisfied with this report, she then supplied a further, more detailed report from a manufacturer approved garage showing the nature of each of the faults. This report stated:

"Investigated engine management light & feeling sluggish to drive. Carried out fault code read – fault logged for particulate matter sensor. Checked and found sensor failed – requires new. Carried out timing chain test for vehicle feeling sluggish. Stretch test failed. Requires new timing chain."

It also noted that the balance shafts (another component of the engine) ought to be replaced. Based on this information Startline said it agreed to cover the costs of the replacement sensor but not the timing chain. It said it wanted to instruct its own inspector to diagnose the fault with the car and determine whether it had liability for the timing chain. It didn't instruct the inspector until the beginning of September 2023. By this time, it had been three months since Miss B had notified Startline of a problem with the car and almost two months since she'd provided evidence of faults with the car.

Given that the timing chain was worn and she had been advised that it required replacing, I can understand why Miss B decided to just go ahead with the repairs after getting another manufacturer approved garage to look at the car. Had the timing chain failed completely, it could have caused a catastrophic engine failure which would have significantly increased the repair costs. So, I think Miss B acted reasonably in trying to mitigate any potential loss for her, but also for Startline.

I note that the CRA says that any repairs ought to be carried out in a reasonable period of time and without significant inconvenience to the consumer. If Startline were keen to have their own inspector diagnose the faults with the car, I don't understand why it insisted on Miss B providing a second report first – which cost her

over £200 to obtain – if it wasn't going to take the opinion of that garage into consideration. The manufacturer approved garage was not affiliated to Miss B, the finance company or the supplying dealership so was able to give an independent view on the nature of the faults.

I think Startline already had an opportunity to carry out repairs on the car but did not do so in a reasonable period of time as it kept on insisting for further reports before it would agree to act. But even if I'm wrong and that strictly speaking under the CRA Startline ought to have had an opportunity to inspect the car and have an attempt at a repair, I don't consider that it would be fair and reasonable in the specific circumstances of this case for that to have a detrimental impact on Miss B.

I say this because I think Miss B has acted in good faith in providing not one, but two reports of faults with the car when asked. I think she gave Startline a reasonable length of time to try and resolve the issue, but it kept on insisting that further inspections be completed. Further, given the nature of the problem with the car, I think Miss B's actions were reasonable in carrying out a repair rather than waiting any longer as there was a real possibility that continuing to use the car in its current state might cause further danger which would significantly increase the costs of any subsequent repair. She also sought a third opinion from another manufacturer approved garage before going ahead with the repairs.

Lastly, I'm not persuaded, that in any event Startline has been materially disadvantaged by Miss B having carried out the repairs. This is because I'm satisfied based on the available evidence that the car was not of satisfactory quality when it was supplied and therefore Startline would always have been required to repair the car. Miss B's actions mean that Startline did not have to incur the unnecessary cost of a fourth inspection of the car, and in carrying out the repairs in a timely manner she has potentially prevented even more costly repairs.

For all these reasons, I think its fair and reasonable that Startline therefore reimburses Miss B for the cost of the repairs she had completed for the sensor, timing chain and balance shafts. The balance shafts have been noted as requiring replacement and as they are also a part of the engine which was noted by both manufacturer approved garages as being linked to issues with the driveability of the car, I consider these too were not reasonably durable. This is because both timing chain and balance shafts were linked to the adequate operation of the engine and it wouldn't be reasonable to expect repairs to these types of engine components at that age and mileage, especially given the price paid for the car.

In relation to the bonnet vent clips, I'm satisfied these aren't something that Startline is liable to repair (or pay the cost of repair). This is because these appear to be perishable items and I've not been presented with anything to demonstrate that they were not reasonably durable or that they required replacing at the time Miss B first took possession of the car.

Although I think Startline ought to cover the cost of most of the repairs, it's not clear which garage Miss B ultimately had the work completed at. I note that there were different prices quoted by both manufacturer garages. Given Miss B didn't engage with Startline about the repair costs before undertaking them, I think its fair and reasonable that Startline's liability for the repair costs should therefore be capped at the cheaper of the two quotes – which was £2,792.86 (inclusive of VAT). It should refund up to a maximum of this amount to Miss B, on receipt of evidence that Miss B paid for the repairs. If Miss B paid less than this amount, Startline only needs to cover the actual costs Miss B incurred.

As Miss B has been out of pocket in having to pay for repairs she shouldn't have, Startline should also pay her 8% simple interest per year on the refunded repair costs from the date she paid them to the date of settlement.

Lastly, Miss B paid £210 for the second report from the manufacturer approved garage. As she only incurred this cost as a result of being supplied with a car that wasn't of satisfactory quality, I think it's fair and reasonable for Startline to refund this to her, adding 8% simple interest per year from the date she made the payment to the date of settlement.

Miss B accepted my provisional decision. Startline asked to see copies of the additional inspection reports that Miss B had obtained (which we sent to them) but provided no further response.

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.

As neither party has provided any further comments or evidence, I've not seen any reason to reach a different outcome to what I reached in my provisional decision.

I'm therefore satisfied that Startline supplied Miss B with a car that wasn't of satisfactory quality and that it now needs to refund Miss B for the repairs she had to pay for as well as the second inspection report that she had carried out.

My final decision

For the reasons given above, I uphold this complaint and direct Startline Motor Finance Limited to:

- Refund Miss B's repair costs for the sensor, timing chain and balance shafts, up to a maximum of £2,792.86 on receipt of evidence of what costs she incurred.
- Refund £210 Miss B paid for the second report.
- Add 8% simple interest per year on each of the above refunds from the date each payment was made to the date of settlement.

If Startline considers tax should be deducted from the interest element of my award it should provide Miss B with a certificate showing how much it has taken off so that she can reclaim that amount, if she is eligible to do so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 5 December 2024.

Tero Hiltunen
Ombudsman