

The complaint

Mr H complains Oasis Motor Finance Limited (OMF) supplied him with a car that he believes wasn't of satisfactory quality.

What happened

In August 2022, Mr H entered into a 60 month hire purchase agreement for a used car. The car's cash price was £6,980, it was over seven years old and had travelled around 46,200 miles. Mr H was required to pay monthly instalments of £214.

Mr H says shortly after acquiring the car he complained to the dealership that there was an issue with the oil pressure.

In November 2022, he identified that an engine management light (EML) was coming on so he took it to a local garage. They identified the catalytic converter was fractured and/or cracked and needed to be replaced. He was quoted a repair cost of £360. Mr H tried to make a claim under a warranty policy but this was declined stating exhausts weren't covered as per the terms and conditions.

Mr H complained to OMF around May 2023. In their final response, OMF said Mr H had covered in excess of 15,064 miles since he bought the car so it would be necessary for him to provide evidence that the fault with the oil EML was present at supply and was serious enough to make the car unfit for purpose. They suggested Mr H arrange an independent inspection report and if it concludes the faults did exist at supply, they would re-consider the complaint.

Unhappy with OMF's response, the complaint was referred to our service. In doing so, Mr H also raised a number of other issues with the car such as:

- Timing belt
- Brakes
- Abnormal crunching noise when turning while driving

Mr H took the car to a local garage in March 2024. They were unable to carry out a full diagnostic of the car but they said the following parts needed to be replaced – the catalytic converter, front suspension bush arms and two tyres.

The investigator recommended the complaint was upheld. She said the fault with the catalytic converter was raised within six months of Mr H buying the car so the onus was on OMF to prove the fault wasn't present when the car was supplied to Mr H and they hadn't done so. She concluded the car wasn't of satisfactory quality at supply. To put things right, she said OMF should cover the cost of repair for the catalytic converter, refund 10% of the monthly instalments for impaired use and pay £100 compensation for the trouble and upset caused.

In response, OMF maintained their stance. They commented:

- Mr H contacted them in May 2023 to complain that the oil level warning light had come on and a message said he should stop driving the car due to an engine fault;
- The car was recovered to a local garage and he was told the engine needed to be replaced due to a cracked wet belt;
- When he complained, the car had travelled 61,307 miles and had passed its MOT in February 2023 (at 55,393 miles);
- As more than six months had passed since Mr H bought the car, he had to provide evidence the faults were present at supply.

In August 2024, OMF issued a second final response in relation to the further faults Mr H complained about. Similar to before, they said given the significant time that has passed since he bought the car, he would need to provide evidence these faults were present at supply and were serious enough to make the car of unsatisfactory quality.

In September 2024, Mr H took the car to a local garage and they said Mr H reported the following issues:

- The car was overheating;
- While smoke coming from the exhaust;
- Wet belt breaking up causing oil pressure warning light to come on;
- Head gasket blown;
- Engine burning oil, must be topped up every week.

The garage said the engine would need to be stripped down to accurately diagnose the root cause.

In October 2024, I issued a provisional decision outlining my intentions to partially uphold the complaint. I said:

“In this case, Mr H acquired a car that was over seven years old and had travelled over 46,200 miles. As this was a used car with considerable mileage and age, it’s reasonable to expect parts may already have suffered substantial wear and tear when compared to a new car or one that is less travelled. Meaning there’s a greater risk this car might need repair and/or maintenance sooner than a car which wasn’t as road-worn.

Based on the limited evidence presented to me such as the repair quote from a third party garage, I find there was a fault with the car’s catalytic converter and to resolve it, it needs to be repaired and/or replaced. OMF has provided evidence that this fault was identified in November 2022 which was only a few months after Mr H bought the car. I don’t believe a reasonable person would expect to experience such a fault so soon and having only covered around 5,000 miles (picture of odometer reading provided).

When considering satisfactory quality, the CRA says goods should also be durable, which means they should be made to last a reasonable period of time. Having done a general search of the lifespan of catalytic converters, the general expectation is it should last around 10 years or between 70,000 to 100,000 miles but this can be influenced by other factors such as driving style and engine tune. In this case, the car had yet to reach either milestone when the fault was identified. There’s insufficient evidence the fault was a result of Mr H’s driving style.

In light of the above, I don’t find the car was sufficiently durable. Therefore I find it wasn’t of satisfactory quality at supply meaning there was a breach of contract.

Where this happens and it’s outside the short time right to reject the car (30 days), I would expect a repair to be carried out at no cost to the consumer which is what I believe should

happen here. That is, OMF should either arrange or cover the cost of the repair to the catalytic converter. Having determined this fault was present at supply and it remains unresolved, they should also refund 10% of the monthly instalments paid since inception by Mr H to reflect the impaired use of the car.

OMF may argue Mr H only complained to them about this fault several months later in May 2023. While I accept that to be the case, it appears he initially raised it with the dealership and it was referred to the warranty company who denied the claim. In my opinion, even if Mr H had raised it with OMF sooner, it's more likely than not they would've referred him back to the supplying dealership to try to resolve matters which ultimately is what Mr H did.

I note Mr H has raised concerns about other faults such as the brakes, timing belt, oil pressure levels, etc. I can see in some cases these issues were raised several months after the initial complaint hence OMF's second final response.

I haven't been provided with sufficient evidence of these reported faults. However it's not unreasonable to say that if they are present they are more likely than not a result of wear and tear through Mr H's use of the car. I say this especially for parts like the brakes which are serviceable components meaning they will need repair and maintenance frequently as they are significantly used when driving.

I've considered the job card by the local garage in September 2024 and I'm aware OMF may not have had sight of the same so I enclose a copy with this decision for their consideration. I can see the garage haven't been able to accurately diagnose the car stating the engine would need to be stripped to identify the root cause.

While I accept there appears to be a fault with the engine, there's not enough evidence it was present at supply. I say this because the car had travelled approximately 35,000 miles since Mr H brought it. I'm not persuaded had this fault been present at supply, Mr H would've been able to cover such significant mileage.

Overall I can't reasonably say these additional issues also meant the car wasn't of satisfactory quality at supply so I won't be saying OMF need to do anything to resolve them.

Taking everything into account, I find the car wasn't of satisfactory quality at supply due to the fault with the catalytic converter and OMF needs to put things right as outlined above. For the other faults raised, there isn't enough evidence they were present or developing at supply.

Lastly, Mr H has indicated to our service that he is struggling financially. I urge him to contact OMF directly about this so it can be discussed further and the relevant support provided. I wish to remind OMF of their obligations under CONC to treat him with forbearance and due consideration".

Responses to the provisional decision

Both parties were invited to respond to the provisional decision. Mr H said not only did the catalytic converter need to be fixed but based on what he had been told by the garage, the engine and timing belt also needed to be repaired. OMF didn't provide any 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.

I thank Mr H for his further comments. However in my provisional decision I set out my thoughts about the additional faults including the engine and the timing belt. I won't repeat in full my findings but in summary I said given the mileage covered when these faults presented, I don't find they were present at supply. Therefore I won't be saying OMF needs to cover the cost of those repairs, only for the catalytic converter.

On the basis I haven't been provided with any further information to change my decision I still consider my provisional findings to be fair and reasonable in the circumstances.

My final decision

For the reasons set out above, I've decided to partially uphold Mr H's complaint.

To put things right, Oasis Motor Finance Limited must:

- Arrange or cover the cost for the repair to the catalytic converter;
- Refund 10% of the monthly instalments paid from inception up to when the catalytic converter is repaired to reflect impaired use;
- Pay £100 compensation to Mr H for the trouble and upset caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 2 December 2024.

Simona Reese
Ombudsman