

The complaint

Mrs M complains Startline Motor Finance Limited (Startline) supplied her with a car that she believes wasn't of satisfactory quality.

What happened

In August 2023, Mrs M entered into a 60 month hire purchase agreement for a used car. The car's cash price was around £12,900, it was approximately eight years old and had travelled over 57,900 miles. Mrs M paid a deposit of £1,086 and the rest was financed by a loan with Startline. She was required to pay monthly instalments of £340.

In January 2024, Mrs M says the car broke down, it was going into limp mode and she couldn't drive more than 30 mph. According to her when she reported it to the dealership, they said as it had been more than three months since she bought the car, they couldn't help her.

In February 2024, she arranged for the car to be towed to a local garage. She also provided an image of an error message on the dashboard which said "*No engine restarts possible incorrect diesel exhaust fluid quality detected*". The garage found multiple issues affecting parts of the car such as the oil jet, adblue injector, ring sealing, timing chain, tensioner, etc. They said it would cost around £2,145 to repair.

A claim was made under warranty and it was agreed it would cover the cost of the diagnosis, the replacement of the oil jet and labour, which totalled the amount of £355. They said all other parts weren't covered under warranty. Mrs M says she felt she had no alternative but to pay the cost to fix the other parts as she needed the car and the supplying dealership weren't assisting her.

In March 2024, the complaint was referred to Startline. They said Mrs M had arranged for repairs to take place at a third party garage and she needed to provide evidence the faults were present or developing at supply and if she did, they would consider the complaint further.

In April 2024, Mrs M paid for the diesel particulate filter (DPF) to be cleaned and regenerated but she said there were still issues with the car.

In May 2024, she arranged for an independent inspection to be carried out. In conclusion it said the following:

- The car was unroadworthy and unfit for purpose;
- It was locked into limp mode with issues with the DPF, SCR, piston rings and turbocharger issues which were a result of gradual wear and tear general deterioration;
- However taking into account the mileage which has been covered since purchase (2,139 miles), the vehicle was unfit for purpose at the point of sale with these faults being present or in advanced development at that time;

- The repair attempts had failed to rectify the underlying issues;
- Mrs M could not have caused or avoided the issues.

The inspection report was sent to Startline for their consideration. However they said as Mrs M had authorised repairs to be carried out without approval from the dealership and these repairs had failed, they couldn't be held liable.

Unhappy with their response, the complaint was referred to our service. Our investigator recommended the complaint was upheld. Based on the findings of the inspection report, they were satisfied the faults were present at supply and Mrs M had reported them to the dealership. They said there had been the opportunity of repair but the dealership failed to do so and subsequent repairs by the third party failed to fix the faults. To put things right, they said Startline should allow Mrs M to reject the car, end the agreement, refund the deposit, refund the cost of the inspection, refund the tax and insurance, etc.

Starline disagreed. They commented the complaint to them was raised six months after purchase so the onus was on Mrs M to provide evidence the faults were present at supply. They also said as repairs had been carried out by a third party garage, the dealership had been denied the right to inspect the car and determine the faults. They accept there are faults with the car but it wouldn't be reasonable for the dealership to accept liability of failed repairs that were not authorised by them.

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

"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. In a case involving a car, the other relevant circumstances a court would take into account might include things like the age and mileage. The quality of goods includes other things like fitness for purpose, appearance, freedom from minor defects, safety and durability.

Mrs M acquired a car that was around eight years old and had travelled over 57,900 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.

I've carefully thought about the timeline of events in this case. From my understanding the car initially broke down in January 2024 and Mrs M reported the issue to the dealership. The car had travelled around 2,000 miles by that point and had been in her possession for less than six months. I don't believe a reasonable person would expect to experience such faults and so many given the relatively short time and low mileage covered. When considering the quality of goods, the CRA says it must be durable.

I've read the inspection report and it makes it clear that there are a number of faults with the car including the DPF, piston rings, turbocharger, etc. The inspector was fully aware of the timeline of the events and the previous repairs but even having taken that into consideration, he concluded the faults were present and or developing at supply. At no point in the report as he indicated, the faults were a direct result of those repairs or they contributed towards it.

I wish to point out that I believe the findings of the independent inspection is sufficient evidence the faults were present at supply so it's unclear why Startline didn't accept its conclusion. I understand Startline queried the report with the inspector and having read his further response, it's clear his conclusion remained unchanged. So I find it's reasonable to rely on what he's said as he's the professional with the relevant expertise in car mechanics.

In light of the same, I don't find the car was of satisfactory quality at supply meaning there was a breach of contract.

Where this happens and it's outside the short term right to reject the car (30 days), the relevant law says there should be one opportunity to repair and that should be at no cost to the consumer. Startline has strongly argued because Mrs M authorised repairs without the dealership's approval, they were denied the right to inspect and repair the car. However at this point I wish to emphasise as the supplier of the car, Startline are responsible for its quality. While they may take into consideration the comments and version of events by the dealership, ultimately they are responsible for the car's quality.

It's disappointing to hear that the dealership wasn't willing to assist Mrs M or even look at the car when she initially contacted them. In my opinion, that was the opportunity of repair but they decided not to do so. So from her perspective, I can understand why she felt she had no other alternative but to seek assistance elsewhere. Therefore I don't find it's fair to say Mrs M denied the dealership's opportunity to repair, she contacted them from the outset.

Startline are likely to argue that they were only made aware of the complaint in March 2024 which was more than six months after Mrs M bought the car so the onus was on her to prove the faults were present when she bought it. For the reasons outlined the above, I'm satisfied the inspection report provides this. Moreover, even if Mrs M did contact Startline from the outset, I find it's more likely than not they would've told her to contact the dealership to try to resolve matters and ultimately that's what she did.

Despite repairs being carried out under warranty and by third party garages, it's evident from the inspection report that the car remains faulty. Given what has happened including multiple repairs, Mrs M has made it clear she doesn't want any further repairs and I can understand why. She's asked to reject the car and I find Startline should allow her to do so.

Putting things right

Having determined the car wasn't of satisfactory quality at supply and Mrs M should be allowed to reject the car, Startline should end the agreement with nothing further for her to pay. They should collect the car, refund the deposit and remove any adverse information about this agreement from her credit file.

Despite the faults with the car, based on the mileage covered by the time of the inspection in May 2024 (60,120 miles), it's clear Mrs M has been able to use the car, albeit with some faults. So it's fair she pays to reflect that use so I won't be saying Startline need to refund all the monthly instalments paid. Mrs M says she stopped using the car around August 2024 and prior to doing so she was only using it for the school run which was around five miles

each day as it wasn't fit enough to use for longer journeys. Following the inspection's findings I can understand why. She has provided an up to date reading of the odometer which shows the car has travelled 60,351 miles. That's around 230 miles since the inspection and 2,370 miles since she bought the car which I don't find to be a significant amount and it's consistent with her testimony about how she had been using the car.

The investigator has said Startline should refund all monthly premiums already paid minus fair usage (calculated at 25 pence per mile) but I don't agree given the miles covered by Mrs M. Instead I find it would be more reasonable to say Startline should refund 50% of the monthly instalments paid from inception to August 2024 which is when Mrs M stopped using the car. This is to reflect the impaired use of the car and how it was used. As she hasn't used the car since September onwards, any instalments paid from that point onwards should be refunded in full.

Mrs M has also incurred out of pocket expenses that she wants to be compensated for. That is, the inspection report, the repair cost at the third party garage in February 2024 (less the amount paid by warranty) and the DPF repair in April 2024. I find these costs were a direct result of being supplied with a faulty car so it's fair they are refunded to her upon proof of evidence.

I'm aware the investigator has said Startline should refund the cost of the insurance and road tax however I don't believe they should be. I say this because both are legal and contractual requirements of having a car and for the times Mrs M has had use of it, she's had the benefit of the same. Once the car is returned and the agreement ended, I encourage Mrs M to contact the relevant organisations to cancel the same and she can enquire as to whether she's entitled to any sort of refund for the proportion not used.

Lastly, I thought about the impact of this situation on Mrs M. She's had the worry of the car not performing as expected, multiple trips to garages, having to arrange an independent inspection, her continuous correspondence with the dealership and Startline to resolve matters, etc. Given the circumstances, I find Startline should pay £300 compensation to Mrs M for the trouble and upset caused".

Responses to the provisional decision

Mrs M didn't provide any further comments. In summary, Startline said:

- Mrs M contacted the dealership on 13 February 2024. On 15 February 2024, she said the car had been diagnosed by a third party garage and potentially a warranty claim would be raised. Startline say that was the first evidence that there was a fault with the car;
- By 22 February 2024, Mrs M told them the car had been repaired but it was experiencing further faults. This meant neither the dealership nor Startline had the opportunity to inspect the car;
- The complaint was raised to Startline in March 2024 which was after a period of six months and Mrs M was told that an independent inspection would be required.
- During Startline's investigation Mrs M had further repairs carried out but they didn't fix the faults. These repairs were carried out without Startline's approval;
- Overall Startline hasn't had a fair opportunity to fully investigate the faults;

- Mrs M didn't act fairly by getting the car repaired without allowing Startline to investigate matters first;
- It isn't fair to say Mrs M should be refunded 50% of the monthly instalments paid from inception to August 2024. Up to this time, Mrs M has used the car and there was no indication of any faults that required Startline's assistance.

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 Startline for their further comments which I've carefully considered. However having done so, it doesn't materially change my provisional thoughts.

In this decision, it's my role to determine whether the car was of satisfactory quality at supply. Based on the evidence presented to me including the independent inspection report, I'm not satisfied it was. Having read Startline's response they don't appear to dispute this but argue they nor the dealership had the opportunity to inspect or repair the car.

However for the reasons already outlined in my provisional decision, I'm persuaded Mrs M did contact the dealership in the first instance but they didn't provide sufficient assistance to her. Contact notes provided by Startline state when Mrs M contacted the dealership she was told they need evidence of issues being present at the point of sale. She promptly provided repair quotes from a third party garage and a warranty claim and despite chasing for a response, I can't see one was sent by the dealership, hence why it was later escalated to Startline as a formal complaint. So I'm satisfied there was an opportunity for the car to be looked at.

Startline insisted Mrs M arrange an independent inspection which she did. That proved the faults and confirmed despite repairs being carried out, faults remained. I find that was another opportunity for Startline to step in and resolve matters but they didn't which meant the complaint was raised to our service.

Given the multiple repair attempts and the fact that there's no indication further repairs will fix the faults, I remain of the opinion Mrs M should be allowed to reject the car.

In terms of usage of the car and what I've said needs to be refunded, I've already outlined my reasons for the same in my provisional decision so I won't repeat them again here.

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 uphold Mrs M's complaint.

To put things right, Startline Motor Finance Limited must:

- End the agreement with nothing further for Mrs M to pay;
- Collect the car at no cost to Mrs M;
- Refund the cash deposit*;
- Refund the cost of the independent inspection report (subject to evidence);
- Refund the cost of the repairs carried out in February 2024 less than the amount paid under warranty (subject to evidence);

- Refund the cost of the DPF repairs in April 2024 (subject to evidence);
- Refund 50% of the monthly instalments paid from inception to August 2024;
- Refund in full any monthly instalments paid from September 2024 onwards;
- Pay 8% simple interest per annum on the above refunds from the date of payment to the date of settlement;
- Remove any adverse information about this agreement from Mrs M's credit file;
- Pay £300 compensation to Mrs M for the trouble and upset caused.

*If Startline Motor Finance Limited considers tax should be deducted from the interest part of my award it should provide Mrs M with a certificate showing how much it has taken off, so Mrs M can reclaim that amount if she is entitled to do so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 29 November 2024.

Simona Reese
Ombudsman