

## The complaint

Mr G complains that a car supplied to him by Startline Motor Finance Limited (“Startline”) under a hire purchase agreement was not of a satisfactory quality.

## What happened

I issued a provisional decision on this complaint last month. In that decision I explained why I thought the complaint should be upheld and what Startline needed to do in order to put things right. Both parties have received a copy of the provisional decision but, for completeness, I include some extracts from it below. In my decision I said;

*In December 2023, Mr G was supplied with a used car through a hire purchase agreement with Startline. The agreement was for £8,175 over 60 months, with monthly repayments of £223.94. At the time it was sold, the car was approaching seven years old and had done 60,489 miles.*

*Mr G lives several hundred miles away from the dealer that sold the car to him. On the journey home he experienced a number of warning lights that appeared to relate to problems with the Ad-Blue system. At the dealer’s request he arranged for those fault codes to be reset by a local garage the following day.*

*Around a month later the warning lights showed again. The dealer agreed for Mr G’s car to be repaired at a local garage. He has provided us with a copy of the invoice for that work amounting to £160. It shows that the garage carried out some diagnostics, topped up the PAT fluid and carried out some reprogramming.*

*Mr G’s car suffered a further breakdown the following month. An estimate for the required repairs suggested that his car required a new part for the exhaust system, and a replacement pump for the Ad-Blue system. Mr G complained to Startline about the problems. In March 2024 Startline arranged for an independent inspection of Mr G’s car. That concluded that there were faults present with the car, but that it was unlikely they were present, or developing, when the car was supplied. So Startline didn’t uphold Mr G’s complaint. Unhappy with that response Mr G brought his complaint to us.*

*Startline has told us that, more recently, Mr G has been unable to meet the contractual repayments on his agreement. So it has now defaulted the agreement and repossessed the car.*

*Mr G was supplied with a car under a hire purchase agreement. This is a regulated consumer credit agreement which means we’re able to look into complaints about it. The relevant law – the Consumer Rights Act 2015 (CRA) - says, amongst other things, that the car should’ve been of a satisfactory quality when supplied. And if it wasn’t, as the supplier of finance used to purchase the car, Startline is responsible. What’s satisfactory is determined by what a reasonable person would consider satisfactory given the price, description, and other relevant circumstances. In a case*

*like this, this would include things like the age and mileage at the time of sale, and the vehicle's history.*

*The CRA also implies that, where a fault is identified within the first six months, it's assumed the fault was present when the car was supplied. So here I have considered when the faults can reasonably be considered to have occurred. As that is within the first six months it would be for Startline to establish that any faults were not present at the time of sale.*

*I think I should first consider what faults have been present on Mr G's car. It does seem that he has suffered recurring issues related to the exhaust system, both in terms of some leakage of exhaust gasses and the operation of the Ad-Blue system. Those have been shown in warning lights on the car's dashboard, stored error codes, reports from the garage where Mr G took his car for diagnosis and repair, and the conclusions of the independent inspector.*

*As I said earlier, Mr G first reported problems with his car on his journey home from the selling dealer. I have listened to a call Mr G had with the finance broker during that journey that clearly indicates there was a problem with the Ad-Blue system at that time. I think it would be difficult to reasonably reach any other conclusion than that problem being present, or developing, at the time the car was supplied to him.*

*I have carefully considered the report provided by the independent inspector that concluded the problems he identified on the car were unlikely to have been present, or developing, at the time of supply. I think it is important to note that the inspection identified problems with the leakage of exhaust gasses, and some wear of the front suspension. It didn't specifically discuss any problems with the Ad-Blue system, although the initial diagnosis did show a fault code relating to the diesel fuel additive pump.*

*Section 24(5) of the CRA says that a consumer who has the right to reject may only exercise this if after one repair or replacement, the goods do not conform to contract. This is known as the single chance of repair. And this applies to all issues with the goods, and to all repairs – in other words it's not a single chance of repair for the dealership or credit broker AND a single chance of repair for Startline – the first attempted repair is the single chance at repair.*

*Here I am satisfied that the problems with the Ad-Blue system were most likely due to issues with the pump. I have found that those problems were present, or developing, at the time the car was supplied to Mr G. And it seems to me that the dealer has been given at least two opportunities for appropriate repairs to be completed. The dealer first arranged for a reset of the fault codes the day after the car was supplied. And around a month later it paid for some further diagnostics and repair activities.*

*But the two garage visits that I have described above did not resolve the issues with the Ad-Blue pump. Those problems were still present as is shown by the repair quotation that was declined in February 2024, and the fault code found by the independent inspection. So I am satisfied that the single chance of repair here has passed, and Mr G should be entitled to reject the car.*

*In saying that I am not making any findings in relation to any other faults on the car, and in particular those that the independent inspection concluded were unlikely to have been present when it was supplied. I don't need to. The presence of a single fault that is fundamental to the operation of the car when it was supplied, and the failure for successful repairs to be completed, means that it is reasonable for Mr G to exercise his right to reject the car.*

*It does seem that the problems with the Ad-Blue pump did not prevent Mr G from making some use of his car. In the three months before the independent inspection was completed he had travelled over 4,000 miles. So I am not going to be making any directions here that any repayments Mr G made to the agreement before the car was repossessed should be refunded to him. And it doesn't seem that Mr G paid any deposit either that would need to be refunded.*

*But it seems to me that Mr G will have suffered some inconvenience as a result of being supplied with a car that was not of a satisfactory quality, so I intend to direct Startline to pay Mr G £200 in that regard.*

*As I said earlier, Mr G's car has now been repossessed, so in effect he is in the same position as he would have been had the car been rejected – it is likely his hire purchase agreement has ended, and the car is now back with Startline. So the redress that I am intending to direct here will simply ensure that Mr G has nothing further to pay, and that there is no impact on his credit file as a result of the agreement.*

I invited both parties to provide us with any further comments or evidence in response to my provisional decision. Both Mr G and Startline have provided further comments. Although here I am only summarising what Mr G and Startline have said I want to confirm that I have read, and carefully considered, their entire submissions.

Mr G says that he agrees with the conclusions I have reached. But he thinks the compensation I have proposed, for the distress and inconvenience he has been caused, is too low. Mr G says that he has been bombarded with phone calls, letters, and emails about what he owed following the repossession of his car. He says the calls and emails have worsened a stress and anxiety disorder that he suffers from. And Mr G says that the problems with the car have caused him to miss several appointments.

Startline doesn't agree with my provisional decision. It says that it has worked with the selling dealer, the credit broker, and Mr G to diagnose and rectify the faults on the car as is required under the CRA. It says that Mr G has been abusive to staff at the credit broker throughout the process.

Startline says that the information it received from Mr G about the faults was limited. For example it says the repair quotation in February 2024 didn't details what the faults were, or the current mileage – it just showed the cost of the parts and labour. It says it falls on Mr G to evidence that faults were present on his car.

The independent inspector was asked to consider the Ad-Blue problems when the report was instructed. And whilst the report doesn't specifically mention the Ad-Blue problems, Startline says that it confirmed there was no evidence of overheating, or excessive smoke from the exhaust and confirmation that the steering and brakes performed as expected throughout the road test. It says the report also noted a problem with the exhaust pipe that was due to impact damage and so was unlikely to have been present at the point of sale.

Startline says that when it repossessed Mr G's car no mechanical repairs were required or completed in relation to any warning lights before it was resold. It also notes that Mr G completed an additional 4,000 miles in the car between the independent inspection in March, and it being recovered in September.

### **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 I set out in my provisional decision, in deciding this complaint I've taken into account the law, any relevant regulatory rules and good industry practice at the time. I have also carefully considered the submissions that have been made by Mr G and by Startline. Where the evidence is unclear, or there are conflicts, I have made my decision based on the balance of probabilities. In other words I have looked at what evidence we do have, and the surrounding circumstances, to help me decide what I think is more likely to, or should, have happened.

And I repeat my reflections on the role of this service. This service isn't intended to regulate or punish businesses for their conduct – that is the role of the Financial Conduct Authority. Instead this service looks to resolve individual complaints between a consumer and a business. Should we decide that something has gone wrong we would ask the business to put things right by placing the consumer, as far as is possible, in the position they would have been if the problem hadn't occurred.

Having thought carefully about what both Mr G and Startline have said, I am not persuaded that I should change the findings I reached in my provisional decision. But I would like to comment further on some of the matters that have been raised.

I remain satisfied that there was a fault with Mr G's car that was present, or developing, when it was supplied to him. He discussed problems with the Ad-Blue system with the credit broker on his journey home. And those problems have been shown both by the specific error code that was logged, cleared, and reappeared, and by the estimate from the garage in February suggesting a new Ad-Blue pump was required.

As Startline has agreed, the independent inspection did not make any specific findings in relation to the Ad-Blue pump. That is disappointing given that it was specifically noted in the brief given to the inspector, and that an error code was noted as part of the inspection. But the absence of any specific comments on the problem doesn't lead me to a conclusion that it wasn't present – the previous failure and the presence of the error code lead me to a conclusion that the problem was present at that time.

I accept that the inspection noted other problems with the car, that may have not been present when it was supplied. But, as I explained in my provisional decision, those don't reduce the impact of the fundamental problems with the Ad-Blue pump. And although the behaviour of Mr G that Startline has described is regrettable, whilst accepting I have no independent evidence to support those claims, it doesn't remove the rights provided to him under the CRA.

I noted in my provisional decision that Mr G had made some use of the car despite the problems. And it seems that usage continued even after the independent inspection. Much of the distress that Mr G has told us about appears to have resulted from the repossession of his car, and Startline's debt collection activities. I'm not persuaded that the repossession is a direct result of the problems here given the use Mr G had made of the car. So I still think that £200 would be a reasonable sum for the inconvenience Mr G has been caused by the car not being of a satisfactory quality when it was supplied.

## **Putting things right**

Given that Mr G's car has now been repossessed, he is effectively in the same position as he would have been had the car been rejected. So the redress that I am directing here simply ensures that Mr G has nothing further to pay, and that there is no impact on his credit file as a result of the agreement.

So, to put things right for Mr G. Startline should;

- Confirm to Mr G that his hire purchase agreement has been ended, and he has no monies owing to the firm.
- Refund to Mr G any payments he has made to Startline (if any) since the car was repossessed. Startline should add interest of 8% simple a year on any refunded payments from the date they were paid (if they were) to the date of settlement. HM Revenue & Customs requires Startline to take off tax from this interest. Startline must give Mr G a certificate showing how much tax it's taken off if he asks for one.
- Remove any adverse information relating to the agreement (such as missed payments, outstanding balances, and any default) from Mr G's credit file.
- Pay Mr G £200 for the inconvenience he has been caused.

## **My final decision**

My final decision is that I uphold Mr G's complaint and direct Startline Motor Finance Limited to put things right as detailed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 11 December 2024.

Paul Reilly  
**Ombudsman**