

## The complaint

Miss H complains that the car she acquired through Secure Trust Bank Plc, trading as V12 Vehicle Finance (“V12”) wasn’t of satisfactory quality. Although she initially wanted V12 to pay for repairs, she now wants to reject the car and cancel the credit agreement.

## What happened

Miss H entered into a hire purchase agreement in March 2024 to acquire a used car. The cash price of the car was £6,650 and, after taking account of Miss H’s deposit of £100, the total repayable was £9,583.40, and was to be repaid through the credit agreement which was set up over a 60-month term with monthly payments of £157.89. At the time of acquisition, the car had already been driven more than 80,000 miles and was nearly ten years old.

Miss H told us:

- She collected the car and was told by the supplying dealership that all safety checks had been completed; the car was ready to go; and it had a current MOT with a further three months left on it;
- she asked for another MOT to be conducted because of how much she was spending on the car, and this MOT identified a bald tire, which the supplying dealership replaced;
- in Mid-June she noticed the car engine was making a slight noise, and she contacted the supplying dealership asking for it to be checked over – but she said other than this noise, the car was performing well. The supplying dealership said she’d need to bring the car in, and it would contact her again to make arrangements;
- the next day she had a video call with the supplying dealership, and she was asked to check the level of oil. She checked it, was satisfied that there was sufficient oil, and was advised she should bring the car in the following day;
- she dropped the car off on 21 June, and later that afternoon the supplying dealership told her by text that the car had no oil; the oil level was empty and had caused major engine issues, but it would be able to direct her to someone who could help;
- the car had adequate oil in it the day before she took it to the garage, and she saw no warning lights on the dashboard regarding oil levels;
- the whole matter has been dealt with unfairly by the supplying dealership and V12.

V12 rejected this complaint. It said Miss H contacted it 24 June 2024 and advised it of the issues she’d experienced with the car; faulty timing chain; the car making funny noises; and issues with the oil levels.

It arranged an independent inspection of the car to determine whether the faults highlighted by Miss H were present or developing at the point of supply. And it said the independent expert concluded that the engine damage was a result of the car having been driven with insufficient oil. It said Miss H had not checked and maintained the correct oil levels and the liability for what had happened did not lie with it or the supplying dealership.

V12 told this Service that the *“inspection report confirmed that the current defects would not have been present or developing at point of supply and have only just occurred”*. And it also provided this Service with screenshots of the last two MOT tests which confirmed the vehicle passed its test in June 2023 and March 2024 with no advisories. It said this shows the vehicle was roadworthy when Miss H acquired the vehicle.

V12 said is empathised with Miss H’s situation, but because the current issues with the car were not present or developing at the point of supply, or linked to previous repairs, and are due to normal in-service maintenance, it could not agree that it was responsible for any repair costs. And it could not agree that Miss H had a right to reject the car.

Our investigator looked at this complaint and said he didn’t think it should be upheld. He explained that this Service couldn’t look at some new complaint points that Miss H had not yet raised with V12. And he suggested that she should raise these with V12 first of all. But he did consider her complaint about the satisfactory quality of the car V12 had supplied.

He went on to explain that just because something had gone wrong with the car, it didn’t mean that it was of unsatisfactory quality when it was supplied, and he explained the relevance of the Consumer Rights Act 2015 (“CRA”) in the circumstances of this case.

Our Investigator said that taking into account the report following the independent inspection, he’d seen no evidence that the car wasn’t of satisfactory quality at the point of supply. He said the report was clear – the car had been driven with an insufficient level of oil, and the inspection had found no evidence of an oil leak.

Miss H disagrees so the complaint comes to me to decide. Miss H says she checked the oil level the day before she returned the car to the supplying dealership, and no-one can explain how the following day the oil level was empty. She says the independent engineer was biased, and there’s no proof that the lack of oil caused the engine damage.

### **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.

Having done so, I’ve reached the same conclusion to that of our investigator, and I don’t think this complaint should be upheld – and I’ll explain why.

I hope that Miss H won’t take it as a discourtesy that I’ve condensed her complaint in the way that I have. Ours is an *informal* dispute resolution service, and I’ve concentrated on what I consider to be the crux of this complaint. Our rules allow me to do that. Miss H should note, however, that although I may not address each individual point that she’s raised, I have given careful consideration to all of her submissions before arriving at my decision.

When looking at this complaint I need to have regard to the relevant laws and regulations, but I am not bound by them when I consider what is fair and reasonable.

As the hire purchase agreement entered into by Miss H is a regulated consumer credit agreement this Service is able to consider complaints relating to it. V12 is also the supplier of the goods under this type of agreement, and it is responsible for a complaint about their quality.

Under the Consumer Rights Act 2015 (“CRA”) there is an implied term that when goods are supplied “the quality of the goods is satisfactory”. The relevant law says that the quality of the goods is satisfactory if they meet the standard that a reasonable person would consider

satisfactory taking into account any description of the goods, price and all other relevant circumstances.

The relevant law also says that the 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 the goods. So, what I need to consider in this case is whether the car *supplied* to Miss H was of satisfactory quality or not.

The CRA also says that, where a fault is identified within the first six months, it's assumed the fault was present when the car was supplied, unless V12 can show otherwise. But, if the fault is identified after the first six months, then it's for Miss H to show the fault was present when she first acquired the car. So, if I thought the car was faulty when Miss H took possession of it, and this made the car not of a satisfactory quality, it'd be fair and reasonable to ask V12 to put this right.

I don't think there's any dispute that Miss H has experienced problems with the car. That has been well evidenced by her testimony. But, whilst I accept that there has clearly been an issue that manifested itself with the faults she's complained about, V12 would only be responsible for putting things right if I'm satisfied that these things were present or developing when the car was supplied – that is to say, the car wasn't of satisfactory quality when Miss H first acquired it.

The third party instructed by V12 to carry out an independent inspection of Miss H's car is a recognised and trusted expert in this arena. From reading its report, it's clear that it was provided with an accurate background that clearly set out the issues.

In their report, the engineer said the following:

- *“Issues with the timing belt and an oil leak which is leading to a faulty engine. Please check the car for the above faults and give your opinion on whether they would have been present or developing at point of supply, the durability aspect and who you deem liable for repairs”.*
- *“[supplying dealership] advised that the engine was making a metallic knocking and rattling noise when it was brought back to them. [supplying dealership] showed the engineer a video...of the engine oil being checked at that time, there was no oil on the dipstick. Around 4 litre of engine oil was then added to the engine”.*
- *“[supplying dealership] explained at the time of sale, the vehicle was sold to the hirer without it being serviced and that was on the understanding that the vehicle was to be serviced at the hirer's expense by her own garage. The hirer has not produced any evidence of that service ever having been undertaken”.*

So, I'm satisfied that the faults that Miss H complained of are present and as she described.

But the simple existence of the fault in itself isn't enough to hold V12 responsible for repairing the car or accepting its rejection. The legislation says that this will only be the case if the fault was present or developing at the point of supply; the car supplied was not of satisfactory quality.

The independent report went on to address this, and the independent engineer made the following points:

- *"The oil level was found to be correct, however, the dipstick was very heavily stained, discoloured, and varnished, due to the engine having operated on a low oil level in recent times causing overheating and deterioration of the engine oil".*
- *"There were no visible external coolant or oil leaks".*
- *"Initially there were no odd noises, however, after about 1 minute, a light rotational metallic rattling type noise began to be produced. This increased with engine speed and became louder after a few more minutes of engine operation and then a noise also began".*
- *"The noises were emanating from the engines timing chain area".*
- *"The engineer then carried out live electronic diagnostics, which revealed that there were no fault codes present".*

The engineer concluded that:

- *"It would appear, therefore, that the engine has been operated in recent times with insufficient oil in it, and that it appears to have caused oil starvation to oil-feed mechanical components within, i.e. timing chain assembly, hydraulic tensioner, guides and possibly, pistons, bores, camshafts, bearings etc".*
- *"The hydraulic timing chain tensioner relies on a continuous feed of clean oil at adequate pressure to maintain a consistent force on the tensioned timing chain guide. From the noise audible, it appears that the timing chain is now slack".*
- *"It is our opinion, however, that at this juncture, the cause of this engine issue would appear to be due to neglect on behalf of the current owner not checking and maintaining correct oil levels within the engine and most likely not having it serviced post-purchase as apparently agreed as part of the deal".*
- *"The current defects would not have been present or developing at the time of purchase as they have only just recently occurred according to the hirer and has been caused by the oil levels not been maintained by the current vehicle owner therefore the repairs are not the responsibility of the sales agents".*

So, on the basis that these faults were *not* present or developing at the point of supply; were *not* the result of previous repairs that subsequently failed and; appear to be a result of *"neglect of the current owner"*, I simply can't say that the car was of unsatisfactory quality when it was supplied.

Moreover, the engineer makes no cautionary statements about the conclusions reached, or that a different conclusion may have been reached with additional information. The instruction of an independent inspection is what's required and expected of V12 in these circumstances. And in the absence of any other persuasive and independent evidence to the contrary, I'm not currently persuaded that Miss H's car was of unsatisfactory quality when supplied. So, I can't hold V12 responsible for the problems Miss H has experienced with it.

The independent inspector did say that stripping and removing the engine in order to conduct a more detailed examination would be possible and this might provide further detail about the cause and extent of the damage to the engine. If this is something that Miss H wants to explore, I have to tell her that she'd be responsible for the costs associated with this, unless and until this more detailed investigation showed that there was an underlying fault with the car that was *present or developing* at the point of its supply; the car supplied was not of satisfactory quality.

So, based on the evidence available at the moment, I'm not able to conclude that the car was of unsatisfactory quality when it was supplied to Miss H by V12. This is because I've simply seen no evidence that there was a fault with oil or the engine that was present or developing at the point of sale.

Finally, Miss H questions the impartiality of the third-party inspector. But I have to tell her I disagree. The third party is independent; it's recognised in the industry as one of the experts in these types of assessments or inspections. It's true that it was *instructed* by V12, but it wasn't *employed* by it.

Taking into account all the evidence, I can't uphold this complaint. I know Miss H will be disappointed with this decision, but I hope she understands why I've reached the conclusions that I have.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 30 June 2025.

Andrew Macnamara  
**Ombudsman**