

## **The complaint**

Mr H has complained about the quality of a car he acquired under a hire purchase agreement with Toyota Financial Services (UK) PLC (Toyota FS) wasn't of satisfactory quality when it was supplied to him.

## **What happened**

In November 2022 Mr H entered into a hire purchase agreement (HP) with Toyota FS to acquire a used car. The car was around four years old and covered around 14,000 miles.

Mr H said several weeks after acquiring the car he noticed there were problems with the paint and body work. When Mr H had the opportunity to thoroughly inspect the car, he noticed that the paintwork was in very poor condition, particularly on the passenger side of the vehicle.

In January 2023 Mr H spoke with the dealership who confirmed the car had been cosmetically repaired prior to handover. Mr H says he was told major work had been carried out to the body work costing around £1,500 and there were several other issues identified at this point. In May 2023, the car was collected to put right the paint and body work issues.

There were also issues with the tracker battery and Mr H was told this would be replaced. Unfortunately, when the car was returned to Mr H there were further issues unresolved, some which were not present before the vehicle was collected for repair.

In October 2023 Mr H sent the dealership a quote for repairs in the sum of £580 but it refused to help any further, so Mr H complained to Toyota FS. In summary, he said he felt the car had been mis-sold as he thought it would be in immaculate condition, but it has had major bodywork carried out and Mr H wanted to reject the car. Toyota didn't uphold the complaint, in short it said given the age and mileage of the vehicle, parts of the car might have already suffered notable wear and tear. Due to the time elapsed since purchase it didn't agree that any current issues were evident at the point of sale.

Mr H remained unhappy and so referred his complaint to us. One of our Investigator's looked into things and upheld the complaint. In summary she said the car was of unsatisfactory quality and amongst other things she said Mr H was able to exercise his right to reject the vehicle. She also recommended compensation for the distress and inconvenience Mr H suffered. Toyota FS considered this and agreed with her recommendations.

But Mr H wanted Toyota to put forward an offer of a price reduction. He thought he would lose out financially if he was to reject the vehicle and so wanted Toyota FS to consider a price reduction of £25,000. Toyota FS didn't think this was reasonable and so asked for an ombudsman to make a decision.

As no agreement could be reached the complaint has been passed to me to decide.

## **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 overall conclusions as our Investigator and for broadly the same reasons. I know this will come as a disappointment to Mr H, but I will explain my reasons below.

It's clear Mr H has strong feelings about this complaint. He has provided detailed submissions in support of his view which I can confirm I've read and considered. However, I trust Mr H will not take the fact that my findings focus on what I consider to be the central issue as a discourtesy. The purpose of my decision isn't to address every point raised but to set out my conclusions and reasons for reaching them.

The HP agreement entered by Mr H is a regulated consumer credit agreement and this Service is able to consider complaints relating to it. Toyota FS is also the supplier of the goods under this type of agreement and responsible for a complaint about its quality.

The Consumer Rights Act 2015 (CRA) covers agreements like the one Mr H entered. Because Toyota FS supplied the car under a HP agreement, there's an implied term that it is of satisfactory quality at the point of supply. Cars are of satisfactory quality if they are of a standard that a reasonable person would find acceptable, taking into account factors such as the age and mileage of the car and the price paid.

The CRA also says that the quality of goods includes the general state and condition, and other things such as its fitness for purpose, appearance and finish, freedom from minor defects and safety can be aspects of the quality of the goods. Satisfactory quality also covers durability.

For cars, this means the components must last a reasonable amount of time. Of course, durability will depend on various factors. In Mr H's case the car was used and covered approximately 14,000 miles when he acquired it. So, I'd have different expectations of it compared to a brand-new car. Having said that, the car's condition should have met the standard a reasonable person would consider satisfactory, given its age, mileage, and price.

Our Investigator concluded that the car supplied to Mr H was not of satisfactory quality when supplied and amongst other things recommended Mr H was entitled to reject the car. This was accepted by Toyota FS and I have no reason to dispute this. Based on the evidence I have I am satisfied there is fault with the car. I'm persuaded it's been there from the point of supply and there were unsuccessful repair attempts, in line with what the CRA sets out I think Mr H has grounds to reject the goods. Toyota FS has agreed that Mr H can reject the car which seems fair. What's left to decide is how to put things right.

Mr H initially said he wanted to reject the car and I don't think what Mr H originally asked for is unreasonable. I understand Mr H asked Toyota FS to consider a price reduction as an alternative remedy as he thinks he will lose out if he was to reject the car. But I'm afraid I don't agree, Mr H has requested to reject from the outset but further, I think the fairest way to put things right under the circumstances of this complaint, amongst other things is for Mr H to reject the vehicle.

Mr H has provided invoices to evidence other fees he's incurred:

- £195 for an independent inspection

- £379 for a smartrack tracker
- £299 for leather protection
- £370 for a ceramic coat after repair

I've considered these costs and I think they should be refunded to Mr H, he has pointed out he added the tracker because he intended to keep the vehicle which is why he elected to take out a hire purchase agreement without a balloon payment (often seen in other finance agreements) due at the end of the agreement. I think this is plausible, further whilst repairs were being carried out, the battery in the tracking system had drained and so required a replacement.

During the course of the investigation Mr H instructed an independent party to carry out an inspection of the vehicle. This was to support his submissions about the quality of the car which outlined the car had undergone previous bodywork repairs to a poor standard.

I don't think it's unreasonable that Mr H is refunded the costs outlined above due to him being supplied with a vehicle of unsatisfactory quality.

Mr H asked for a refund of £2500 due to maintenance and servicing. Mr H had been in possession of the vehicle for two years and was responsible for maintaining it during that time. There would likely be some associated costs as a result of that and so I am not going to direct Toyota FS to reimburse him for this.

I understand Mr H feels he will be financially disadvantaged because he chose to pay a larger monthly payment under his agreement when he could've elected to pay a much smaller sum. He is also concerned his monthly payments will be 'lost'. I understand Mr H's concerns, but it's clear Mr H has been able to carry on using the car. He's covered around 17,000 miles since having the car and so I can't agree that he's 'lost' the monthly repayments he's made towards the hire purchase agreement, I think it's only fair he pays for the use of the car.

I think Mr H was no doubt caused some overall inconvenience as a result of being supplied a car that wasn't of satisfactory quality. I say this because he would've had to take the car in for multiple repairs, along with an inspection that needed to be arranged and carried out. There has also been a lot of back and forth with all the parties involved which I can see would've caused further inconvenience.

### **Putting things right**

I think it's fair and reasonable for Toyota FS to:

- End the agreement with nothing further to pay.
- Collect the car (if this has not been done already) at no further cost to Mr H, once the car is collected the agreement should be settled.
- Refund Mr H's deposit and part exchange contribution of £20,299.
- Refund Mr H for additional expenses as directed in my findings above; that is
  - £195 for an independent inspection
  - £379 for a smartrack tracker

- £299 for leather protection
  - £370 for a ceramic coat after repair
- Pay 8% simple yearly interest on the cash deposit (£12,149) and consequential losses, listed above, from the date of payment until the date of settlement.
- Pay a further amount of £300 for distress and inconvenience caused by acquiring a car that wasn't of satisfactory quality.
- Remove any adverse information from the consumer's credit file in relation to the agreement, if applicable.

### **My final decision**

I uphold this complaint about Toyota Financial Services (UK) PLC and direct it to put things right in the way I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 14 March 2025.

Rajvinder Pnaiser  
**Ombudsman**