

The complaint

Miss A complains that Startline Motor Finance Limited supplied her with a car that wasn't of satisfactory quality under a hire purchase agreement.

What happened

In August 2023, Miss A acquired a used car financed by a hire purchase agreement from Startline. The car was around seven years old and had travelled around 88,000 miles. The cash price of the car was £13,750 and Miss A was required to pay 59 monthly repayments of £396, followed by a final repayment of £406.

Within the first month of having the car Miss A reported a warning light appearing on the car. She complained to Startline and requested a repair. A repair was carried out by a manufacturer approved garage, who replaced a sensor.

The fault re-appeared soon after and Miss A complained to Startline again saying she wanted to reject the car as the repair had not been successful. Miss A said the car could be collected from the manufacturer garage and that she had cancelled her direct debit and insurance.

Startline didn't agree to the rejection. It said that it had not been given an opportunity to repair the car. It said the repair that had been completed had been done at a garage of Miss A's choosing, it said that Miss A had refused to allow the supplying dealership to carry out the repair. It said it therefore still had a right to attempt a repair first.

Our investigator recommended the complaint be upheld. He said it was fair and reasonable for Miss A to reject the car. Startline didn't agree, so the complaint has been passed to me for a decision.

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.

Miss A acquired the car under a hire purchase agreement and our service is able to consider complaints relating to these sorts of regulated consumer credit agreements. The Consumer Rights Act 2015 ("CRA") covers agreements like the one Miss A entered into. The CRA implies terms into the agreement that the goods that are supplied are of satisfactory quality. Startline is the "trader" for the purposes of the CRA and is responsible for dealing with a complaint about the quality of the car that was supplied.

The CRA says that the quality of the goods is satisfactory if they meet the standard a reasonable person would consider satisfactory – taking into account the description of the goods, the price and all other relevant circumstances. I think the other relevant circumstances here include the age and mileage of the car at the point of supply.

The car was used, around 7 years old and had covered around 88,000 miles when Miss A

took possession of it. It had a cash price of £13,750. What would be considered satisfactory would therefore be considerably different to if Miss A had acquired the same car brand new and at a greater cost.

There doesn't appear to be any dispute that the fault with the sensor made the car of unsatisfactory quality. What's left for me to decide is whether it would be fair for Miss A to be able to reject the car because of this fault and the previous failed attempt at a repair. The CRA sets out that the trader can have one opportunity to repair anything that causes the goods to be of unsatisfactory quality. If that repair fails, Miss A has the right to reject the goods.

Startline says that Miss A refused to allow the supplying dealership to complete the initial repair and that the manufacturer approved garage that completed the unsuccessful repairs was chosen by her. We've asked Startline to provide evidence of Miss A refusing permission for the supplying dealership to carry out the initial repairs. However, it has only provided an email from the credit intermediary which says that its understanding of events is that Miss A refused for the supplying dealership to carry out the repairs. However, I don't find this particularly persuasive or plausible.

I say this because when it was identified that the manufacturer approved garage had completed the incorrect repair (it replaced the wrong sensor), the supplying dealer said that the work needed to be carried out by a manufacturer approved specialist. As it is the same fault that existed before, this was always clearly the position when the fault first occurred. So, it seems the supplying dealership was never in a position to be able to complete the repairs and would have likely directed Miss A to carry out the repairs elsewhere. I'm therefore more persuaded by what Miss A says in that the supplying dealership told her to go to the manufacturer approved garage.

This conclusion is further supported by the fact that the invoice for the work was made out to the supplying dealership – not Miss A, suggesting it was the supplying dealership that booked in (or authorised) the work. I also note that Miss A took the car back to the supplying dealership only a few days earlier to pay for replacement tyres. Seeing as she was content to have them complete that work, I find it unlikely she would refuse for it to carry out further work when she wanted other repairs.

While I accept that the supplying dealer has not carried out any repair on behalf of Startline, I can't see that Startline has been disadvantaged in any way. It would always have instructed the supplying dealership to carry out repairs on its behalf, who in turn would have instructed another specialist garage. I'm therefore satisfied that the supplying dealership, and by extension Startline, has already had the chance to repair the car and it remains faulty. For that reason, I think it is fair and reasonable to allow Miss A to now reject the car.

Miss A informed Startline that she wished to reject the car and told them that she would be returning the car and not making further payments. Startline continued to contact Miss A who then informed them on several occasions that the car was with the supplying dealership as she had returned it.

Despite being told this, it seems Startline told Miss A it would report the car as stolen to the police as it had exhausted all attempts to recover it. However, given that Miss A had told Startline where the car was, and Startline were in contact with the supplying dealership (who also knew where the car was) via the credit intermediary, I don't consider Startline's response to Miss A to have been reasonable or necessary.

Further, as I've set out above, I think Miss A was entitled to reject the car. Startline's refusal to accept it was therefore unreasonable. It continued to chase Miss A for repayments,

threatened to report the car as stolen to the police and issued a default against her credit file. All of this understandably caused Miss A unnecessary distress and inconvenience in trying to repeatedly explain the position to Startline.

While I accept that Miss A could have been more forthcoming in her very first communications with Startline about exactly where the car was, this was cleared up quickly. Taking everything into consideration, I think Startline should also pay a further £200 compensation for the distress and inconvenience it caused, as well as also removing any adverse information it has recorded on her credit file.

My final decision

For the reasons given above, I uphold this complaint and direct Startline Motor Finance Limited to:

- End the hire purchase agreement with nothing further to pay.
- Pay Miss A £200 compensation for the distress and inconvenience caused
- Remove any adverse information it might have recorded on her credit file.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 2 January 2025.

Tero Hiltunen
Ombudsman