DRN-5158684

The complaint

Mr R is unhappy that a car supplied to him under a hire purchase agreement with Blue Motor Finance Ltd ('BMF') was of an unsatisfactory quality.

What happened

In March 2024, Mr R was supplied with a used car through a hire purchase agreement with BMF. He paid a £2,000 deposit and the agreement was for £17,450 over 60 months, with monthly payments of £462. At the time of supply, the car was around seven years old and had done 45,684 miles.

Mr R says that he was unhappy with the appearance of the car when it was supplied to him – there was a colour mismatch on some of the panels, as well as some dents. He says he left the car with the supplying dealership to resolve these issues and, three days later, he asked to be able to reject the car. But he says the dealership told him that rejection wasn't possible.

Mr R complained to BMF on 7 June 2024 about the condition of the car, that one of the alloy wheels was 'fake', and that there was an issue with the oil consumption. BMF arranged for the car to be inspected by an independent engineer.

This inspection took place on 5 July 2024. The engineer said, while there were no issues with the oil, *"there were various areas of poor finishing and overspray present … there were numerous imperfections within the paint quality and the finish is below a commercially acceptable standard."* The engineer also said that the car was fitted with an aftermarket alloy wheel, a budget replica tyre, and had an issue with the NOx sensor.

The engineer concluded that *"the vehicle is displaying evidence of poor previous repairs and refinishing from previous collision damage, and the repairs are not to a commercially acceptable standard"* as well as issues being present with the wheel/tyre and the NOx sensor. They also concluded the car wasn't of a satisfactory quality when it was supplied to Mr R, and that the issues were present when the car was supplied to him.

BMF responded to Mr R's complaint on 25 July 2024. They said they agreed to the dealership repairing the car, but didn't explicitly state what would actually be repaired. Mr R wasn't happy with this, as he wanted to reject the car. So, he brought his complaint to the Financial Ombudsman Service for investigation.

During the course of our investigation BMF confirmed they were only prepared to repair the mechanical defect with the car, and not the cosmetic issues. Our investigator didn't think this was reasonable as the independent engineer had confirmed the car had been supplied with sub-standard repairs. They also said that BMF not agreeing to repair the items the engineer held them responsible for had caused Mr R significant inconvenience. So, Mr R should now be allowed to reject the car.

The investigator recommended that Mr R should be refunded the deposit he'd paid, and 15% of the payments he'd made since 7 June 2024, to reflect the fact that he hadn't had full use of the car since this date due to the faults. They also said BMF should pay Mr R £200 for the distress and inconvenience he'd been caused.

BMF didn't agree with the investigator's opinion. They felt that Mr R had seen the car three times before it was supplied to him, so the substandard repairs should've been obvious to him. As such, they felt he had accepted the car in its current condition, so they aren't responsible for this. They said they were prepared to repair the mechanical defects to the car and provide Mr R with a courtesy car while the repairs were taking place, but he'd refused this offer. And they still wanted the right of repair.

BMF also didn't agree with refunding any payments to Mr R due to his using the car at around 'twice the average rate'. Instead, they felt that charging Mr R £0.25 a mile would be more reflective of the usage he'd had of the car.

Mr R stated that he asked to return the car three days after it was supplied to him. He said that he didn't agree to any repairs being done by the dealership, and he wanted a full refund of the money he paid.

I issued a provisional decision on 7 July 2025, where I explained my intention to uphold the complaint. In that decision I said:

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 the investigator, and for broadly the same reasons. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome. Where evidence has been incomplete or contradictory, I've reached my view on the balance of probabilities – what I think is most likely to have happened given the available evidence and wider circumstances.

In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and (if appropriate) what I consider was good industry practice at the time. Mr R was supplied with a car under a hire purchase agreement. This is a regulated consumer credit agreement which means we're able to investigate complaints about it.

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 goods, BMF are responsible. What's satisfactory is determined by things such as 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 and its durability. Durability means that the components of the car must last a reasonable amount of time.

The CRA also implies that goods must confirm to contract within the first six months. So, where a fault is identified within the first six months, it's assumed the fault was present when the car was supplied, unless BMF can show otherwise. So, if I thought the car was faulty when Mr R took possession of it, or that the car wasn't sufficiently durable, and this made the car not of a satisfactory quality, it'd be fair and reasonable to ask BMF to put this right.

I've seen a copy of the independent engineer's report, dated 5 July 2024. The findings of this report are stated above, so I won't repeat them here. However, I have noted the engineer also confirmed their duty is to the courts, not to the person who instructed or paid for the report. As such, I'm satisfied this report is reasonable to rely upon.

The independent engineer made it clear that the cosmetic issues with the car were due to sub-standard repairs that were present when the car was supplied to Mr R. While I've considered BMF's comments about Mr R accepting the car in its current condition, so they are absolved of any liability, I don't agree with this. And I'll explain why.

While the CRA says that accepting damaged goods after an inspection implies that the goods are accepted 'as seen'; in this instance we are not talking about what could reasonably be expected on a seven-year-old car i.e. stone chips, minor scratches and paintwork damage etc. Instead, as confirmed by the independent engineer, we are talking about a sub-standard accident repair that makes the car of an unsatisfactory quality at supply. And the CRA is clear that, where goods aren't of a satisfactory quality, then (in this instance) BMF need to do something to put things right.

Section 24(5) of the CRA says "a consumer who has … the right to reject may only exercise [this] and may only do so in one of these situations – (a) after one repair or replacement, the goods do not confirm to contract." This is known as the single chance of repair. And this applies to all issues with the goods, and to all repairs i.e., it's not a single chance of repair for the dealership AND a single chance of repair for BMF – the first attempted repair is the single chance at repair. What's more, if a different fault arises after a previous repair, even if those faults aren't related, the single chance of repair has already happened – it's not a single chance of repair per fault.

However, Section 23(2) of the CRA also states "If the consumer requires the trader to repair or replace the goods, the trader must (a) do so within a reasonable time and without significant inconvenience to the consumer."

BMF have said they have the right to repair the car, although the single chance of repair has already taken place shortly after supply when the dealership took back the car but failed to put right the earlier sub-standard repair. As such, under section 24(5)(a) of the CRA, Mr R has the right to reject the car.

But, even if I'm wrong about the dealership already having had the single chance of repair, I also need to consider that, while BMF agreed to repair the car, they didn't agree to (and still don't agree to), putting right the earlier sub-standard repair. As I've explained, this is something they are required to do under the CRA, and their refusal to do this has both unreasonably delayed matters and caused Mr R significant inconvenience. As such, BMF have failed to comply with Section 23(2)(a) of the CRA. And, in these circumstances, Mr R also has the right to reject the car.

As such, I intend to ask BMF to allow Mr R to be able to reject the car, as well as refund him the deposit he paid.

The investigator said that Mr R should also receive a refund of 15% of the monthly payments he made since 7 June 2024, while Mr R has argued that he should receive a full refund of the monthly payments he made. Mr R has been able to use the car while it's been in his possession. Because of this, I think it's only fair that he pays for this usage. So, I won't be asking BMF to refund all of the payments he's made.

I've also considered the mileage record on the car. It was supplied to Mr R on 11 March 2024 having done 45,684 miles; and it had done 53,788 miles when it was inspected by the independent engineer on 5 July 2024. So, during this period of around four months, the car had done 8,104 miles – around 2,000 miles a month.

The MOT record for 6 December 2024 shows the car had done 61,046 miles – 7,258 miles in the five months since the independent inspection – around 1,450 miles a month.

Finally, Mr R has provided evidence of the current mileage on the car – 74,083 miles on 1 July 2025. So, the car has travelled 20,295 miles since the independent inspection (around 1,700 miles a month) and has travelled 13,037 miles since the MOT (around 1,850 miles a month).

The investigator recommended a refund of 15% of the payments made based on Mr R's testimony that he didn't have full use of the car and that he was only using it when he really needed to. However, the mileage record above shows that Mr R continued to use the car at roughly the same rate as he had before it was inspected, and that this is substantially more than the 12,000 to 15,000 miles a year that would be considered 'average usage'.

So, I won't be asking BMF to refund any of the payments Mr R has made, and they are entitled to retain 100% of the payments to account for the usage Mr R has had of the car. For clarity, as there are no mileage limits detailed in the agreement Mr R signed, BMF are not entitled to charge Mr R anything additional for the mileage he's done i.e. the £0.25 a mile they have previously said they think would be fair to charge.

Finally, I think Mr R should be compensated for the distress and inconvenience he's been caused. But crucially, this compensation must be fair and reasonable to both parties, falling in line with our service's approach to awards of this nature, which is set out clearly on our website and so, is publicly available.

I note our investigator also recommended BMF pay Mr R an additional £200, to recognise the distress and inconvenience he's been caused by the complaint. And having considered this recommendation, I think it's a fair one that falls in line with our service's approach and what I would've directed, had it not already been put forward.

I think this is significant enough to recognise the worry and upset Mr R would've felt by having to drive a car knowing it's been the subject of an earlier sub-standard repair, and that BMF weren't clear in what they were prepared to repair. But I think it also fairly reflects the fact that there was no indication the car wasn't roadworthy following the previous repair, and that Mr R was still able to cover a substantial mileage in the car, despite its condition. So, this is a payment I intend to direct BMF to make

Therefore, I intend to ask BMF to:

- *end the agreement, ensuring Mr R is not liable for any monthly payments after the point of collection (if any payments are made, these should be refunded);*
- *collect the car at no collection cost to Mr R;*
- *remove any adverse entries relating to this agreement from Mr R's credit file;*
- *refund the deposit Mr R paid (if any part of this deposit is made up of funds paid through a dealer contribution, BMF is entitled to retain that proportion of the deposit);*
- *apply 8% simple yearly interest on the refunds, calculated from the date Mr R made the payment to the date of the refund†; and*
- *pay Mr R an additional £200 to compensate him for the trouble and inconvenience caused by being supplied with a car that wasn't of a satisfactory quality (BMF must pay this compensation within 28 days of the date on which we tell them Mr R accepts my final decision. If they pay later than this date, BMF must also pay 8% simple yearly interest on the compensation from the deadline date for settlement to the date of payment†).*

†If HM Revenue & Customs requires BMF to take off tax from this interest, BMF must give Mr R a certificate showing how much tax they've taken off if he asks for one.

Responses

Mr R didn't agree with my provisional decision as he didn't think it was fair. He said that he purchased the car on 10 March 2024, but it was still in the dealership's garage on 13 March 2024. He said he told the dealership he didn't want the car because of the poor quality paintwork, but they told him this was his problem not theirs. So, he said that we need to obtain evidence of this conversation he had with the dealership so we can better understand the matter.

BMF didn't respond to my provisional 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.

As BMF haven't said anything to the contrary, I'm taking their lack of comments to mean they don't object to my provisional decision.

With regards to Mr R's comments, these have been noted. I would also note that it's not our role to find evidence that would prove the case being put forward by either party – it's for the parties to provide the evidence they want us to consider.

Notwithstanding this, Mr R is arguing that the conversation he had with the dealership shows he wanted to reject the car due to the poor quality paintwork (which was as a result of a sub-standard accident repair). Despite the argument being put forward by BMF that, as Mr R took the car he accepted the quality, as I've explained in my provisional decision, this shouldn't be the case in this instance, and Mr R has the right to reject the car.

As such, I don't believe I need any evidence of the conversation Mr R had with the dealership to reach a fair decision. If Mr R did have this conversation the outcome he was looking for was to reject the car. My decision is that Mr R should be allowed to reject the car. So, my decision is the same as Mr R is arguing should've happened in March 2024.

However, this doesn't mean that Mr R didn't have use of the car and, for the reasons stated in my provisional decision, it's only fair and reasonable that he pay for this usage.

Therefore, even after considering the comments I've received, I see no compelling reason why I shouldn't adopt my provisional decision as my final decision.

Putting things right

For the reasons stated within my provisional decision and above, if they haven't already, BMF should:

- end the agreement, ensuring Mr R is not liable for any monthly payments after the point of collection (if any payments are made, these should be refunded);
- collect the car at no collection cost to Mr R;
- remove any adverse entries relating to this agreement from Mr R's credit file;
- refund the deposit Mr R paid (if any part of this deposit is made up of funds paid through a dealer contribution, BMF is entitled to retain that proportion of the deposit);
- apply 8% simple yearly interest on the refunds, calculated from the date Mr R made the payment to the date of the refund[†]; and

- pay Mr R an additional £200 to compensate him for the trouble and inconvenience caused by being supplied with a car that wasn't of a satisfactory quality (BMF must pay this compensation within 28 days of the date on which we tell them Mr R accepts my final decision. If they pay later than this date, BMF must also pay 8% simple yearly interest on the compensation from the deadline date for settlement to the date of payment†).

†If HM Revenue & Customs requires BMF to take off tax from this interest, BMF must give Mr R a certificate showing how much tax they've taken off if he asks for one.

My final decision

For the reasons explained, I uphold Mr R's complaint about Blue Motor Finance Ltd. And they are to follow my directions above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 25 August 2025.

Andrew Burford
Ombudsman