

The complaint

Mrs S complains about the service she received when she complained to STARTLINE MOTOR FINANCE LIMITED ("SMFL") that the car it supplied was not of satisfactory quality.

Mrs S is represented in her complaint. For ease of reading, "Mrs S" refers to the submissions of both Mrs S and her representative.

What happened

Mrs S entered into a hire purchase agreement in May 2023 to acquire a used car. The cash price of the car was £8,075 and the balance, after taking account of the advanced payment, was to be repaid through the credit agreement which was set up over a term of 36 months. Mrs S' monthly payments were £113.89, resulting in the total repayable under the agreement, if it ran to term, being £9,110.04. At the time of acquisition, the vehicle was around seven years old and had been driven nearly 70,000 miles.

Mrs S told us:

- She bought the car on finance and shortly afterwards reported a number of issues and faults to the supplying dealership;
- there were issues with squeaking brakes, particularly when cornering; illuminated engine management lights; an incorrectly illuminated AdBlue light; the car went into limp mode; the car alarm activating randomly; and the car windows randomly opening;
- she was asked to arrange an inspection with diagnostics, but *'the goalposts then moved'* because the report was not in a specific format, and there was an allegation that the garage that undertook the investigation was not VAT registered;
- staff at the broker that arranged the finance with SMFL had viewed her social media profile, and communication between the broker and SMFL have been poor;
- she's completely unhappy with the way her complaint was progressed and the way in which it was handled and investigated;
- she says she relies on the car for work and because she couldn't use it, she's had to use public transport, and this has detrimentally affected her health and wellbeing;
- she's been offered compensation by SMFL but thinks it should pay her significantly more.

SMFL upheld this complaint. It said it had asked Mrs S for a report from a VAT registered garage that confirmed there were faults with the car, but there was some difficulty obtaining this from the garage where the car was inspected. It says it arranged with the broker that had arranged the finance for an independent inspection to be undertaken by a recognised third-party with the aim of confirming whether the current faults with the car were present or developing at the point of sale.

SMFL said that based on the report's conclusions, Mrs S' request to reject the car was accepted. But it said that in accordance with the Consumer Rights Act 2015 ("CRA"), it had exercised its right to retain rentals (monthly payments) in respect of Mrs S' usage of the car. And based on the mileage driven, it had retained nine of her monthly payments.

SMFL confirmed that Mrs S had no further liability in respect of the credit agreement, and it would update her credit file accordingly.

SMFL acknowledged that it had caused Mrs S some distress and inconvenience and it paid her £500 compensation in recognition of this.

SMFL told this Service that the broker had also paid Mrs S £100 in recognition of the delays and inconvenience caused in organising the independent inspection of the car.

Our Investigator looked at this complaint and said that he didn't think it should be upheld. He explained that the issue with the format of the initial inspection report was that it wasn't in a PDF format – this was required so that SMFL could be sure it hadn't been edited or altered. And he didn't think it was unreasonable for SMFL to have this requirement.

He also explained that this Service was only looking at the actions of SMFL, it could not look at the actions of the broker in this complaint and the way it communicated with SMFL. And he explained that this Service wasn't the right place to bring a complaint about SMFL's employees or the broker's employees looking at Mrs S' social media profiles; and he signposted her to the Information Commissioner's Office.

Our Investigator said that he thought the payment of £500 compensation for the distress and inconvenience caused was reasonable, and he wouldn't ask SMFL to do anything more.

Mrs S disagrees so the complaint comes 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 considered all the evidence and testimony afresh, I've reached the same conclusion as our Investigator and for broadly the same reasons. I'll explain why.

I hope that Mrs S 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. Mrs S 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.

The hire purchase agreement entered into by Mrs S is a regulated consumer credit agreement which means that this Service is able to consider complaints relating to it. SMFL is also the supplier of the goods under this type of agreement, and it is responsible for a complaint about their quality.

In this particular case, SMFL has already accepted the rejection of the car, and I understand it has unwound the credit agreement, and notified the credit reference agencies. So I do not need to make any finding about the satisfactory quality of the car supplied – it seems both parties agree and accept that the car supplied to Mrs S was not of satisfactory quality. And in accepting its rejection, unwinding the credit agreement, and notifying the credit reference agencies, I have to tell Mrs S that these are all things this Service would expect of SMFL in the circumstances of this complaint.

Mrs S suggests that she should get a full refund of her monthly rentals. However, I do not consider this to be accurate or fair in any event. Mrs S has been using the car even though it was faulty. I note the CRA section 24(8) says: *'If the consumer exercises the final right to reject, any refund to the consumer may be reduced by a deduction for use, to take account of the use the consumer has had of the goods in the period since they were delivered'*. So I'm satisfied that it's reasonable for SMFL to retain the monthly rentals to reflect Mrs S' usage of the car.

There also remains the issue of compensating Mrs S for the distress, worry, anxiety and inconvenience that she's experienced because she was supplied with a car of unsatisfactory quality. Mrs S has described in some detail the anxiety that she felt, and how the problems with the car impacted her day-to-day life. But I'm satisfied that SMFL's payment of £500 is fair and reasonable in the circumstances of this complaint, and it is certainly in line with what this Service would expect.

In summary, I'm satisfied that SMFL has settled this complaint fairly, and I'm not going to ask it to do anything more.

I'm not upholding Mrs S' complaint. I know she'll be disappointed with the outcome, 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 Mrs S to accept or reject my decision before 12 August 2025.

Andrew Macnamara
Ombudsman