

The complaint

Mr T complains that a car supplied to him under a hire purchase agreement with Oodle Financial Services Limited (OFS) is of unsatisfactory quality.

What happened

In April 2024 Mr T entered into a hire purchase agreement with OFS to purchase a used car. The car was around nine years old and had travelled around 67,714 miles. The cash price of the car was £12,695.00 with an advance payment of £3,000.00 being paid. The total amount repayable on the agreement was £18,515.20 payable over 60 months. This was made up of a first repayment of £306.92 being due, to be followed by 58 monthly repayments of £256.92 with a final repayment of £306.92.

Mr T explained that soon after purchasing the vehicle, he noticed he needed to top up the oil, after this, Mr T noticed the vehicle had an oil leak and contacted the dealership. Mr T also contacted OFS to complain.

The car was brought in for diagnostic testing, during which the paperwork shows the oil was cleaned and Mr T was told to monitor the leak.

During this time, the vehicle suffered an issue and Mr T noticed a noise. He took it to a repairer, where the paperwork shows this was investigated in early July 2024. It was suggested there was an issue with the timing chain.

When OFS were made aware of this, they arranged for an independent inspection report to determine the issues and the likely causes. This report suggested the timing chain has prematurely failed but that it likely wasn't present or developing at the point of sale. As a result of this, OFS issued its final response to Mr T's complaint. In it, OFS said that as the fault was not present or developing at the point of sale, they were not responsible for the repairs. They did raise a payment of £100 for onward travel.

Mr T was unhappy with this response and brought his complaint to this service where it was passed to one of our investigators. The investigator upheld the complaint. She explained she was persuaded the oil leak and resulting timing chain damage were present or developing at the point of sale making the vehicle of unsatisfactory quality when it was supplied. As a result of this, it was the investigator's opinion that OFS should reimburse Mr T the repair cost he'd paid to have the timing chain issue resolved minus the cost of a software update, alongside reimbursing evidenced diagnostic costs investigating the source of the issues together with one monthly instalment whilst he was unable to use the car.

Mr T agreed to this, however OFS did not agree. It thought Mr T had contributed to the damage caused to the vehicle leading to higher repair costs. OFS offered to cover 50% of the cost of repairs along with covering the other costs included in the investigator's outcome. The investigator put this proposal to Mr T, and this was rejected. Mr T said he would settle for 75% of the repair cost being covered by OFS, to which OFS rejected this.

As an agreement couldn't be reached, I've been asked to review the complaint and make a final decision.

I note Mr T has also raised issues with the steering or suspension and potential transmission issues. These have not been responded to by OFS as they were not raised in the initial complaint. As such the investigator did not comment on these or what the causes of these were likely to be. I will not be making a finding on these in this decision as I can't see OFS have been given the opportunity to investigate them.

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.

Mr T acquired a car under a hire purchase agreement. Entering into consumer credit contracts like this is a regulated activity, so I'm satisfied we can consider Mr T's complaint about OFS. OFS is also the supplier of the goods under this type of agreement meaning they are responsible for a complaint about the supply of the car and its quality.

The Consumer Rights Act 2015 (CRA) is relevant in this case. It says that under a contract to supply goods, there is an implied term that "*the quality of the goods is satisfactory, fit for purpose and as described*". To be considered as satisfactory, the CRA says the goods need to meet the standard that a reasonable person would consider satisfactory, considering any description of the goods, the price and all the other relevant circumstances.

So, it seems likely that in a case involving a car, the other relevant circumstances a court would consider might include things like the age and mileage at the time of sale and the vehicle's history. The CRA also explains the durability of goods is part of satisfactory quality.

In this case, Mr T acquired a car that was around nine years old and had travelled around 67,714 miles. As this was a used car with this mileage and age, it's reasonable to expect parts may already have suffered more wear and tear when compared to a new car or one that is less travelled. There's a greater risk this car might need repair and/or maintenance sooner than a car which wasn't as road-worn.

I've reviewed the available evidence about the issues Mr T experienced with the car. Based on what I've seen, I'm satisfied that there was a fault with the car. I say this because neither OFS nor Mr T dispute the vehicle had an issue with the timing chain that required repair. I've also seen paperwork showing work that was carried out on the vehicle to repair it. Having considered the car had a fault, I've considered whether it was of satisfactory quality at the time of supply.

I can see Mr T reported the issue with the oil leak early on in his ownership of the vehicle to both the dealership and OFS. The vehicle was brought into a repairer for a diagnostic check in June 2024. The paperwork from this shows that one hour was allocated to this. The paperwork also shows the oil was cleaned down and Mr T was told to monitor the situation. At this point the vehicle was noted as having travelled around 72,014 miles. As far as I can tell the source of the leak or any other potential issues were not identified.

I've seen communications where it appears Mr T was due to take the car back to the repairer that carried out the diagnostic after around ten days, however there is no record of this visit happening. Mr T explained he can't remember if it did, but he did mention he was unhappy with the fact the dealership had agreed to cover the cost of the first diagnostic but then did not pay him the cost of this.

In early July 2024, Mr T encountered an issue with the vehicle and it started making noise. The vehicle was recovered to a repairer. The invoice dated 10 July 2024 shows engine management light came on, with a rattle in the engine and the vehicle went into limp mode. The diagnostic check the repairer carried out reports the noise is a loose timing chain noise alongside work that needed to be carried out. The cost listed on the invoice was £3,771.13.

As part of the complaint response, OFS arranged for an independent car inspector to prepare a report on the issues and likely cause. The inspection was carried out in early August 2024.

This report noted the car as having travelled around 74,703 miles up to that point. The inspector explained that it was their opinion the timing chain has failed prematurely, but that due to the mileage covered since the point of sale, the issue was likely not present or developing at the point of sale. The inspector also explained that a timing chain failure can be due to lack of lubrication due to an oil leak. They note the slightest lack of lubrication will cause excessive wear on the timing chain, the timing chain guides, tensioner and gears.

Mr T had been able to travel around 7,000 miles in around four months of ownership of the vehicle and around 2,687 miles from when the oil leak was discovered, to when the failure of the timing chain was diagnosed.

Having considered the information I have, including the inspection report, I'm persuaded that the oil leak and resulting timing chain issues were present or developing at the point of sale, making the vehicle of unsatisfactory quality when it was supplied. I say this because Mr T reported the oil leak within two months of owning the vehicle, and suffered the timing chain issue one month after this. Regardless of the miles Mr T was able to cover in this time, the oil leak did happen very early into his ownership and I'm persuaded this was present or developing when the vehicle was supplied. The inspector also notes that the timing chain failure can be due to an oil leak, and I'm persuaded this is what has happened in this case.

I acknowledge OFS' position that Mr T contributed to the timing chain failure by continuing to drive the vehicle with an oil leak, but I don't think Mr T was left with any other realistic options. He'd complained and asked for help to have things resolved, was told the cost of diagnosing the issue would be covered. So, he took the vehicle to be checked out, and it appears that the root cause of the issues was not identified during this. The oil was cleaned off and he was told to monitor the situation. Had a more in depth investigation taken place, a reasonable person might expect the cause of the leak to be identified and what needs to be done to fix it. This doesn't appear to be the case here. As a result, Mr T was told to monitor the situation. So, I'm persuaded the resulting damage could well have come from the failure to identify the cause of the leak. Mr T was due to return to the repairer around ten days later, however it appears this didn't happen.

OFS say this will have caused further damage. This may well be the case, but I don't think it's fair to hold Mr T responsible for the further damage that may have been caused. He'd already incurred costs for the diagnostic that he was told would be paid to him, and when this wasn't, it appears Mr T may have decided not to incur a second cost when the first diagnostic didn't find the issue. Following the failure to find the issue the first time, there is no guarantee that the cause would have been identified on the second occasion either. Had a more thorough investigation have been carried out initially, I think it's reasonable that this second would not have been needed.

There is an invoice in August 2024 that shows the total cost of the repairs Mr T paid to have the issues resolved. This invoice also comments on a long-term carbon build up inside the air intake manifold, very poor condition of the engine oil with lack of service intervals.

Having considered all of the available information I am persuaded the vehicle was not of satisfactory quality when it was supplied for the reasons explained above.

Putting things right

As I've concluded that the car was not of satisfactory quality when it was supplied, I think it's reasonable OFS should put things right.

In this case it's fair for OFS to cover the cost of the repairs from the oil leak and timing chain issue and associated diagnostic costs incurred to identify these if Mr T can evidence these as relevant to the issues answered in this decision that need to be reimbursed. I agree with the investigator that the cost of the software update should not form part of this as it is reasonable to expect software updates will need to be undertaken through regular ownership of a vehicle like this one. I've explained above why I feel it is not fair for Mr T to incur some or all of the repair costs. I do find it reasonable that Mr T continued to drive the vehicle under the circumstances.

Mr T was without use of the vehicle for some time, but he has explained he kept himself mobile during this timeframe. Because of this, I think it's fair for OFS to refund him his monthly payment from when the vehicle was unable to be driven in July 2024, to when the vehicle was repaired in August 2024.

My final decision

For the reasons explained, I uphold Mr T's complaint and instruct Oodle Financial Services Limited to do the following:

- Reimburse Mr T's evidenced repair costs as invoiced on 21 August 2024 minus the cost of the software update as explained above.
- Repay Mr T's evidenced diagnostic costs in relation to the oil leak and timing chain issues if not done so already
- Refund monthly payments as outlined above.
- Pay 8% simple yearly interest* on the above, to be calculated from when Mr H made the payment to the date of the refund.

*HM Revenue & Customs requires Oodle Financial Services Limited to deduct tax from the interest amount. Oodle Financial Services Limited should give Mr T a certificate showing how much tax it has deducted if he asks for one. Mr T can reclaim the tax from HM Revenue & customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 1 July 2025.

Jack Evans
Ombudsman