

The complaint

Mr N complains about issues that he's had with a car that was supplied to him under a hire purchase agreement with Honda Finance Europe plc.

What happened

A new car had been supplied to Mr N under a finance agreement with Honda Finance in October 2019. He refinanced the car and entered into a hire purchase agreement with Honda Finance that he signed in August 2022.

A garage topped up the car's oil in July 2024 and six days later the car broke down. The breakdown and recovery service said that the oil filter was loose and, when diagnostic testing was carried out, it was found that the issue had been caused through oil starvation and the car wouldn't be economical to repair.

Mr N complained to Honda Finance later that month and said that the garage wasn't taking responsibility for those issues. Honda Finance said that the garage was a separate legal entity to it and that it hadn't received any evidence or indication that the issue that Mr N reported with the car was inherent at the time it was supplied. It said that it would allow Mr N to exercise his right to return the car through a voluntary termination of the hire purchase agreement and that it would cover the £5,208.01 that Mr N would have to pay so that he'd paid at least half of the total amount payable under the agreement. Mr N didn't accept that offer as he wanted the car to be repaired and he complained to this service.

His complaint was looked at by one of this service's investigators who, having considered everything, didn't recommend that it should be upheld. He said that he wasn't of the view that Honda Finance had done anything wrong so it shouldn't be held liable for the issues with the car. He said that he was aware that the car had been repaired and Honda Finance had asked Mr N to cover the cost of the repairs. He also said that it appeared that Mr N was of the view that the garage had caused the engine damage to the car but the garage is independently authorised and regulated by the Financial Conduct Authority so, if he wished to raise his concerns regarding the mechanical undertakings it completed, he'd need to contact it directly.

Mr N didn't accept the investigator's recommendation and asked for his complaint to be considered by an ombudsman. He then said that a settlement had been reached and he was collecting the car, fully repaired, at no cost to him but he'd still like an ombudsman to issue a decision on his complaint.

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.

Honda Finance, as the supplier of the car, was responsible for ensuring that it was of satisfactory quality when it was supplied to Mr N. Whether or not it was of satisfactory quality at that time will depend on a number of factors, including the age and mileage of the car and the price that was paid for it. Mr N has confirmed that the issues with the car were caused by the oil top-up not being carried out correctly by the garage in July 2024. The garage is a separate legal entity to Honda Finance and Honda Finance isn't responsible for the actions of the garage. The oil was topped up in July 2024, nearly two years after Mr N had entered into the hire purchase agreement, and I'm not persuaded that there's enough evidence to show that the car wasn't of satisfactory quality when it was supplied to Mr N.

Mr N says that a settlement was reached and he collected the car, fully repaired, at no cost to him so I don't consider that it would be fair or reasonable in these circumstances for me to require Honda Finance to take any further action in response to Mr N's complaint.

The activities carried out by the garage on Mr N's car in July 2024 aren't regulated activities and aren't activities ancillary to a regulated activity, so this service would have no jurisdiction to consider a complaint about those activities and I'm unable to issue any findings against the garage in this decision. If Mr N wants to raise concerns regarding the garage's activities, he'd need to contact it directly. He may also be able to complain to the motor ombudsman.

My final decision

My decision is that I don't uphold Mr N's complaint.

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

Jarrold Hastings
Ombudsman