DRN-5226149

Complaint

Mr A has complained about the quality of a car that Oodle Financial Services Limited ("Oodle") supplied to him through a hire-purchase agreement.

Background

In February 2024, Oodle provided Mr A with finance for a used car. The car was just under seven years old and it is my understanding that it had completed around 76,500 miles at the time of purchase. The cash price of the vehicle was £39,950.00. Mr A paid a deposit of £20,000.00 and applied for finance for the remaining amount he required.

Oodle accepted Mr A's application and entered into a 60-month hire-purchase agreement with him. The loan had an APR of 28.4%, interest, fees and total charges of £15,371.80 (made up of interest of £15,271.80, a document fee of £50 and an option to purchase fee of £50). And the balance to be repaid of £35,321.80 (which does not include Mr A's deposit) was due to be repaid in a first instalment of £637.03, followed by 58 monthly instalments of £587.03 and then a final instalment of £637.03.

Mr A's initial issues with the car

Mr A says that he noticed a screeching noise when turning the car and when going over speed bumps. He believed this to be a fault with the suspension. Mr A reported this, as well as a fault with the seatbelt sensor, to the supplying dealer a few days after he took delivery of the car.

It's fair to say that, at this stage at least, the supplying dealer agreed to have the car inspected and also agreed to pay for the car to be serviced. However, for reasons I don't propose to go into in this decision, the supplying dealer believed it was entitled to cancel the appointments that had been arranged. After these appointments were cancelled, Mr A complained to Oodle saying that the car was not of satisfactory quality.

Oodle didn't uphold Mr A's complaint saying that it didn't agree that the car was not of satisfactory quality. Mr A was dissatisfied with Oodle's response and referred his complaint to our service.

The initial investigation and the parties' responses

One of our investigators initially considered Mr A's complaint. Her initial view was that the car wasn't of satisfactory quality as Mr A had provided an invoice from a garage (who I'll refer to as ("the garage") which had shown that the car needed a repair to a leaking shock absorber. She therefore thought that Mr A's complaint should be upheld and that Mr A was entitled to reject the car.

Oodle didn't think that there was enough to say that the complaint should be upheld. It said the invoice supplied did not include any photographs, or any other evidence, corroborating that the car had a leaking shock absorber. It therefore thought that the car needed to be

independently inspected in order to determine whether the car was not of satisfactory quality when it was supplied to Mr A.

The independent inspection commissioned by Oodle and the investigator's revised conclusions

By this stage, Mr A had already sold the car to a motor dealer and had settled the hire-purchase agreement in full with Oodle. He told our investigator that he needed to do this because he couldn't afford to make the payments due on the hire-purchase agreement when the car was faulty.

However, Mr A had sold the car to a motor dealership. And as it had not as yet sold the car on, the motor dealership, Oodle and Mr A all agreed to the car being independently inspected. The car was independently inspected by an independent engineer (who I'll refer to as "IE1") on 28 June 2024. His report (which I'll refer to as "IR1") concluded that there were no issues with the shock absorbers or any other issue indicating that the car was not of satisfactory quality when Oodle supplied it to Mr A.

As a result, the investigator issued a revised opinion stating that she thought the car was of satisfactory quality at the time that it was supplied to Mr A and therefore she was no longer recommending that the complaint be upheld. Mr A didn't accept the investigator's assessment and asked for an ombudsman to review the complaint.

Events while the case was initially awaiting allocation to an ombudsman

In the period while the case was awaiting allocation to an ombudsman, Mr A reacquired the car from the motor dealer he had sold it to. He did this by entering into a new hire-purchase agreement with a different lender (as I'm not looking at a complaint about that lender I will refer to it as "Lender B" in this decision). I don't propose to go into the details of that agreement. However, Mr A complained to Lender B saying that it had supplied him with a car that wasn't of satisfactory quality.

As part of Mr A's complaint against Lender B, it arranged for the car to be independently inspected by a different company. This took place on 24 October 2024 and the second independent engineer (who I'll refer to as "IE2") concluded there were a number of fault codes appearing on the car. The report (which I'll refer to as "IR2"), which is dated 3 November 2024, states that the car was in limp mode and the engineer considered that there may have been an issue with the camshaft timing. He also believed that the brakes needed replacing.

I've not seen any confirmation of this, but Mr A has said that he was able to reject the car as a result of IR2's conclusions and he ended his hire-purchase agreement with Lender B at this stage. However, Mr A provided IR2 to us on the basis that he believed it supported his argument that the car was also not of satisfactory quality when Oodle supplied it to him in February 2024.

The investigator's further review

As a result of Mr A providing IR2 to her and as is typically expected when a party to a complaint provides further evidence, the investigator reviewed the content of this report prior to an ombudsman's review of the case. The investigator explained that while she accepted IR2 did state that the car had faults in October 2024, bearing in mind IR1 was from June 2024 and the car had been driven a number of miles since then, she wasn't persuaded the faults present at the time IE2 carried out his inspection were present when Oodle supplied the car to Mr A in February 2024.

So the investigator issued an updated assessment confirming that she was still not recommending Mr A's complaint be upheld. Mr A didn't accept this further assessment and once again asked for an ombudsman to review his case.

As a result of this, the case has been passed to me for this review to now take place.

My findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I'm satisfied that what I need to decide in this case is whether the car supplied to Mr A was of satisfactory quality. Should it be the case that I don't think it was, I'll then need to decide what's fair, if anything, for Oodle to do put things right.

I've read and considered everything provided. I accept and acknowledge that Mr A has had other issues with the supplying dealer since he acquired the car. However, as this is a complaint against Oodle and it is not responsible for the activities which Mr A is unhappy about, I've focused on the actions which I think are relevant and important in order to for me to reach what I think is the right outcome.

I also want to reassure Oodle and Mr A that where I haven't commented on a specific issue a party has referred to, or a comment that may have made, it's not because I've failed to take it on board and think about it. The reason I will not have commented on the issue is because I don't think I need to do so in order reach what I consider to be a fair and reasonable outcome. For the sake of completeness, I would add that our complaint handling rules, which I'm required to follow, permit me to adopt such an approach.

It may also help for me to explain that I will reach my decision on the balance of probabilities. Where the evidence is incomplete, inconclusive or contradictory (as some of it is here), I must reach my conclusion based on what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

The finance agreement in this case is a regulated hire-purchase agreement, which we are able to consider complaints about. Under the hire-purchase agreement, Oodle purchased the vehicle from the dealership Mr A visited. Mr A then hired the vehicle from Oodle and paid a monthly amount to it in return. Oodle remained the legal owner of the vehicle under the agreement until Mr A's loan was repaid.

This arrangement resulted in Oodle being the supplier of Mr A's vehicle and so it is also responsible for answering a complaint about its quality.

The Consumer Rights Act 2015 ("CRA")

The CRA covers hire-purchase agreements – such as Mr A's agreement with Oodle. Under a hire-purchase agreement, there are implied conditions that the goods supplied will be of satisfactory quality.

The CRA says the aspects of the quality of the goods and whether they are satisfactory includes their general state and condition alongside other things such as their fitness for purpose, appearance and finish, freedom from minor defects, safety, and durability.

Is there a fault with the vehicle and does this mean that it was not of satisfactory quality when Oodle supplied it to Mr A in February 2024 ?

It's fair to say that both parties have significantly differing views on whether there is a fault with the car. Mr A has put forward a number of reasons explaining why he believes the car is faulty. He has also supplied an invoice and an independent report which he says support his position. On the other hand, Oodle has also put forward its own independent report and arguments explaining why it doesn't believe that there was a fault with the car at the time it supplied it to Mr A.

I've considered the main supporting documentation provided and offer the following observations.

Mr A's correspondence with the supplying dealer in February 2024

I can see that Mr A did get in contact with the supplying dealership a few days after the car was supplied to him. At this point he told the supplying dealer that he believed that there was a problem with the suspension and a seat belt sensor. The supplying dealer agreed to have the car inspected in order to determine whether there was a fault.

However, for reasons I won't go into the supplying dealer cancelled this inspection. All I will say is that the supplying dealer and Oodle both believe that this was a justified course of action in the circumstances.

In any event, the most important thing to note is that Mr A did contact the supplying dealer about what he considered to be faults with the vehicle within 30 days of being supplied with it. If these faults did mean that the car was not of satisfactory quality then Mr A would have been able to exercise his short-term right to reject the car under the CRA.

The garage's invoice of 8 March 2024

I've seen that after Mr A complained to Oodle, it asked him to arrange for the car to be independently inspected. Oodle agreed that it would cover the cost of any inspection. This isn't out of the ordinary and is a common way of establishing whether a fault exists on a vehicle.

Mr A provided an invoice which shows he had the car checked by the garage. I think it's worth me starting by saying that this isn't an inspection report. It is an invoice for payment. Nonetheless, it is an invoice requesting payment for the garage having scanned the car's electrical control unit ("ECU") for any fault codes.

The invoice highlights that the car's ECU showed a number of fault codes. However, what is not clear is whether all of these fault codes were showing as live and current at that time, or whether this was a list of all the fault codes that had been stored by the ECU since it was last cleared.

In any event, Mr A says that the fault codes highlighted on the invoice show that the car was faulty at the time it was supplied. He is also unhappy at the weight Oodle and our investigator have placed on this invoice and he has supplied thoughts on why he believes this to be the case. However, I've carried put my own review of this invoice and I'll explain why I'm not persuaded by Mr A's arguments.

Firstly, it's worth noting that the appearance of a fault or warning code does not in itself mean that the car is faulty. It simply means that there may be or may have been an issue which triggered the car to display a warning. Sometimes this will be because a fault has developed, but this won't always be the case. Fault codes are primarily reported to direct a

mechanic, technician or engineer, to what needs to be tested on a car for any underlying issue to be diagnosed.

One could say it's like when a patient visits a doctor. The doctor will ask patient what is wrong and what are their symptoms during a consultation. A patient may say that they have a stomach ache. It does not necessarily follow that something is drastically wrong or that they require surgery. Indeed it is unlikely that a doctor would recommend surgery simply because the patient has a stomach ache. The doctor would request further tests focused on that area in order to diagnose if something is wrong and if it is, what that is.

In this case, other than the shock absorber, which I'll come on to in due course, the invoice merely lists all of the fault codes that were present on the ECU. The invoice does not state what is wrong with the car or what work, if any, is needed on the car as a result of these codes. It's also fair to say that while the invoice does state that the shock absorber is leaking there are no photographs, or links to a video showing this. Such corroborating evidence is typically provided when a car is checked or inspected.

Equally, there is no explanation of the degree of any leak or what the proposed course of action is. For example, whether the shock absorber can be repaired, or does it need to be entirely replaced. As Mr A was supplied with a car that had already completed some 76,000 miles, a degree a wear and tear can reasonably be expected to be present. So a minor leak, in itself, would not necessarily mean that the car was not of satisfactory quality. However, there may be more of a reason to say that this was the case if the shock absorber needed replacing.

I'm also mindful that while Mr A describes what he provided as a report, as I've explained, it isn't in fact a report at all. It is simply an invoice for the ECU on the car having been scanned. There is no mention of the general condition of the vehicle or whether any issues that may have been found mean that the car was not of satisfactory quality.

Therefore, I have to disagree with Mr A when he says that the contents of this invoice clearly demonstrate that the car was faulty and not off satisfactory quality. I think this is supported by the contents of IR1 which I'll now turn to.

The first independent inspection of the car which took place on 28 June 2024

As I've previously explained, Oodle arranged an independent inspection of the car after Mr A had already sold it to another motor dealer. Nonetheless, the motor dealer agreed to the car being inspected. Once the car had been inspected by IE1, he produced IR1.

Before I get into the specifics of what IR1 states, I think that it is worth me explaining that IR1 states the name and qualifications of IE1, who inspected the car. It's worth noting that this is in contrast to the invoice Mr A supplied which did not state the name or qualification of the individual who scanned the ECU. Furthermore, IE1 also made it clear that he was providing this report as an independent expert and with a duty to assist the court, rather than the party (Oodle) that commissioned it. In these circumstances, I think it appropriate to place more weight upon this document, rather than the invoice from the garage.

IR1 goes on to explain that IE1 had been asked to consider whether the shock absorbers were leaking and if they were whether this was a fault that would have been present when Mr A was supplied with the car. He was also asked about any fault codes and whether these were historic and simply stored on the ECU, or whether they were suggestive of the car needing further checks.

IE1 went on to confirm that he had carried out a diagnostic check and found no fault codes were stored on the ECU. Furthermore, IE1 confirmed that he had checked all of the shock absorbers on the car and could not find any evidence of any oil or air leakages. IR1 also included individual photographs of both rear shock absorbers as corroborating evidence of his conclusions. Having reviewed these photographs, I can't see anything to indicate a leak on them either.

I appreciate that Mr A has said that the motor dealer he sold the car to repaired the car before it was checked, as he had been provided it with a copy of the invoice from the garage. However, I'm not persuaded that it is more likely than not that this is the case. In the first instance, I note that IE1 states that the motor dealer had confirmed recently purchasing the car form the previous owner and it was unaware of any of the issues that he'd been asked to look at.

Secondly, I don't think that the email which the motor dealer sent where it said that the car had been prepared for sale, means that repairs were carried out. Indeed, having reviewed the pictures of the rear shock absorbers it is clear that neither of them are new and I can't see anything obvious in the pictures indicating that either of them had undergone a repair either.

In these circumstances and for reasons I'll come on to further on, I'm not persuaded that the motor dealer did repair the car after it had been sold to Mr A. And given the declaration IE1 provided and the corroborating evidence he supplied to justify his conclusions, I find IR1 more persuasive than the invoice. I'll now go on to consider the content of IR2 and what, if any effect its conclusions may have on IR1.

The second independent inspection of the car which took place on 24 October 2024

As I've previously explained, Mr A reacquired the car from the motor dealer he initially sold it to. The car then went on to be inspected by IE2 who subsequently produced IR2. I've reviewed the content of IR2 and considered whether there is anything within it which supports that fact that the car was not of satisfactory quality when Oodle supplied it to Mr A in February 2024.

To start with, I note that, in much the same way as IR1, IR2 also states the name and qualifications of IE2, who inspected the car. It also contains a declaration that IE2 was providing this report as an independent expert and with a duty to assist the court, rather than the party (Lender B) that commissioned it.

It is unclear why Mr A reacquired the car. I don't know whether he did so in order to have it inspected, or whether he did so because he wanted the car back. After all, it is highly unusual for an individual to purchase a car which they are arguing is faulty. I also note that Mr A told our investigator, during the course of her investigation, that he could not afford to keep a car that was faulty and that is why he needed to sell the car to the motor dealer when he did. So it's not clear to me what would have changed within such a short period of time.

In any event, and regardless of Mr A's motives for reacquiring the car, I note that IR2 states Lender B supplied the car to Mr A on 20 July 2024 with a mileage of 79,000. I think that this is an approximate mileage as IR1 reports that the mileage was 79,870 at the time of IE1's inspection. Anyway, what's important to note is that Lender B supplied the car to Mr A, on 20 July 2024, which was less than a month after the car had been inspected by IE1. Yet IE2 didn't carry out his inspection until 24 October 2024 and IR2 records that the mileage was 83,070 at this stage.

So the inspection took place some three months after Mr A had once again taken custody of the car and in circumstances where he appears to have completed at least around 3,000 miles. I don't know why there was a three-month delay between Mr A regaining possession of the car and IE2's inspection taking place.

More importantly, this inspection took place almost nine months after Oodle had initially supplied the car to Mr A at the beginning of February 2024 and after the car had completed around 6,500 miles. This length of time is important context I need to keep in mind when considering what conclusions I can draw from IR2.

It's fair to say that IE2 did find issues with the car. Amongst other things, he found that the car went into limp mode (as a result of what he suspected to be a camshaft timing issue), he found 11 current fault codes present, there were various suspension and body creaks and squeaks and the brakes needed replacing.

However, it's worth noting that there isn't anything in the content of IR2 which suggests that there was a leaking shock absorber, which was the only real potential indicator in the garage's invoice of the car perhaps being of unsatisfactory quality. Furthermore, while IE2 found live fault codes on the car, I can't see that any of the codes listed were fault codes that the garage listed on the invoice of 8 March 2024. Indeed, the invoice doesn't show any fault codes relating to the camshaft timing. For the sake of completeness, I would add that the invoice does not state anything about the car being in limp mode, or having issues with the brakes, nor did Mr A ever report these as issues to Oodle either.

So while I accept that IR2 does confirm that there were issues with the car when it was inspected on 24 October 2024, there is nothing in the content of this report which corroborates any of the faults reported in the invoice. Therefore, I don't find that the content of IR2 supports the content of the invoice, or makes it any more persuasive.

Equally, while I accept that the conclusion of IR2, is that the car was not of satisfactory quality when it was supplied to Mr A, it is clear that IE2 has reach this conclusion in respect of when Lender B supplied the car to Mr A in July 2024. However, I'm considering whether the car was of satisfactory quality when Oodle supplied it to Mr A in February 2024, not whether it was of satisfactory quality when Lender B supplied it to Mr A in July 2024.

Indeed, having reviewed IR2, I can't see anything to suggest that IE2 was even aware that Oodle had supplied the car to Mr A in February 2024, or that Mr A was planning to use IR2 to support a complaint about Oodle supplying him with a car that was not of satisfactory quality at this time.

Therefore, I'm satisfied that IE2 does not reach a conclusion that Oodle supplied Mr A with a car that wasn't of satisfactory quality in February 2024.

Conclusions - Why I've not been persuaded that the car was not of satisfactory quality when Oodle supplied it to Mr A in February 2024

Having considered the various supporting documentation provided by Oodle and Mr A, I've not been persuaded that it is more likely than not that Oodle supplied Mr A with a car that wasn't of satisfactory quality, in February 2024.

I find that the lack of corroborating evidence in the invoice – such as photographs or links to a video – means that the weight I can place on it is limited at best. There is nothing at all to corroborate that the shock absorber was leaking.

Indeed, the conclusions of IE1 (which is corroborated by photographic evidence) suggest that neither of the rear shock absorbers were leaking in June 2024. I've not been persuaded that any remedial work was carried out by the motor dealer Mr A subsequently sold the car to. It's not clear to me that Mr A still holds this belief given his later complaint to Lender B regarding the quality of the car when it supplied it to him.

I accept that IR2 did find faults with the car and also reached the conclusion that the car was not of satisfactory quality when Lender B supplied it to Mr A in July 2024. However, I find that IR2's conclusion that the car was not of satisfactory quality when it was supplied to Mr A, is limited to when Lender B supplied the car to Mr A. I'm not persuaded that IE2 was aware that Mr A had originally been supplied with the car by Oodle in February 2024 and there is nothing in the content of IR2 which suggests IE2 draws any conclusions about the state of the car at this point.

I also find that the reasons IR2 concludes that the car was not of satisfactory quality when it was supplied by Lender B in July 2024, do not corroborate the faults listed by the garage in its invoice of 8 March 2024. Furthermore, the length of time and the amount of miles that the car was driven in between February 2024 and IE2's conclusions after his inspection of 24 October 2024, means that I'm not persuaded that it follows that the car cannot have been of satisfactory quality when it was supplied in February 2024. Indeed, the content of IR1, which found no faults or issues with the car when it was inspected in June 2024 suggest that this isn't the case.

As a result and having considered everything, whilst I accept that there were faults with the car in October 2024, I don't consider that this means car wasn't of satisfactory quality when Oodle supplied it to Mr A in February 2024. I'm satisfied that it is more likely than not any faults, present in October 2024, may well have been exacerbated by the miles Mr A completed in the vehicle after Oodle supplied it to him.

So on balance, I'm not persuaded that the car supplied to Mr A by Oodle was not of satisfactory quality. It follows that I'm not upholding Mr A's complaint. I appreciate that this is likely to be very disappointing for Mr A. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

My final decision

For the reasons I've explained, I'm not upholding Mr A's complaint.

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

Jeshen Narayanan
Ombudsman