

## The complaint

Mrs Y complains about the quality of a used car she acquired through a hire purchase agreement with Blue Motor Finance Ltd ('Blue Motor'). Mrs Y says that the car was not roadworthy, and it has been established that it was not working at the time it was sold to her. She says that Blue Motor asked her to get an inspection, and it has then ignored the contents of this report.

## What happened

Mrs Y's complaint is about the quality of a car she acquired in August 2021. The car was used, and it was first registered in September 2014. So, it was about seven years old when Mrs Y received it. It had covered 69,333 miles.

Mrs Y acquired the car using a hire purchase agreement that was started in August 2021. The vehicle had a retail price of £5,600. Mrs Y financed all of this. This agreement was to be repaid through 60 monthly instalments of £127.66. If Mrs Y made repayments in line with the credit agreement, she would need to repay a total of £7,660.60.

Mrs Y has complained about the quality of the car. Below is a summary of the issues complained about by Mrs Y and the investigation and repair work that has been carried out, alongside what has happened in respect of the complaint.

I've concentrated on the transmission problems as this is the main issue with the car and is the reason why I think Mrs Y should now be able to reject it. I have noted the other problems Mrs Y has had with the car, such as it not locking correctly; I won't consider those in detail here.

Mrs Y said that three days after she acquired the car, a warning light appeared which concerned the transmission. The warning light was looked at by the dealership shortly after this, who I understand found nothing wrong with the transmission, and turned off the warning light.

Later in August 2021 the transmission warning light was again present, and Mrs Y and the dealership agreed to have the transmission serviced. Mrs Y provided the parts (after some disagreement about this) and the dealership didn't charge for this work.

Mrs Y says this remedied the problem for a few months but after this a transmission warning light appeared again intermittently. In October 2022 the transmission failed, and the car was recovered to a local garage. The car was subsequently looked at by an independent garage who confirmed the transmission, and the car, were beyond economical repair. This is because repairing the transmission would cost around £5,000.

Mrs Y has made an earlier complaint about the issues with the car. Blue Motor considered this complaint but said that, due to the lack of evidence showing the car was faulty at the time of supply, it wouldn't uphold it. It recommended that Mrs Y obtain a report about the car, and it would reconsider the complaint. I've noted the events of this earlier complaint, but I don't think they are relevant to this complaint.

Mrs Y has had the car looked at by an independent reporting company. This report considered the service intervals of the car and noted the transmission should have been serviced in July 2020, but this service wasn't completed. The last service of the transmission took place in August 2017. The service interval for this part of the car is 36,000 miles or 36 months whichever is the soonest. So, it should have been serviced a long time before Mrs Y and the dealership did this.

The report noted that the transmission was leaking oil and that this was likely to have been the case for a significant period. The engineers who conducted the report said the condition of the transmission led to it being likely that it had not been looked at for a long period of time.

The report concluded that Mrs Y had noticed problems with the transmission a very short time into her period of ownership, and so the fault was likely to have been there at time of sale. And that likely reason for the fault with the transmission was the missed service before Mrs Y had acquired the car. It said that the '*... examiner is of the opinion, from the findings of this report that the vehicle would not have been of satisfactory quality and not fit for purpose at the point of sale ...*'

In June 2024 Mrs Y complained to Blue Motor about the issues that she was having with the car. Blue Motor didn't uphold the complaint as it said that it wasn't established that it was liable for the faults with the car as they occurred over six months after Mrs Y had acquired it. It said the report didn't show that the faults were present at the time of sale.

Mrs Y didn't agree with this and brought this complaint to the Financial Ombudsman Service.

Mrs Y terminated the agreement in July 2024 and she has not paid towards the finance since June 2024. She has informed us that Blue Motor collected the car in July 2024

Our Investigator upheld Mrs Y's complaint. She said the problems with the car, and the findings of the independent report, made it reasonable to say that the car wasn't of satisfactory quality when Mrs Y acquired it. She should now be able to reject the car and receive compensation for the costs she incurred servicing the car, recovering the car, and for the report.

Blue Motor didn't agree with the Investigator. They said that the car had passed its MOT checks and Mrs Y was able to travel over 7,000 miles in it. And so, the fault was unlikely to have been present at the time of sale. It says the transmission service intervals were a recommendation not a requirement.

Our investigator didn't agree and said that the MOT wouldn't have considered the condition of the engine or gearbox, and she still thought the car wasn't of satisfactory quality.

Blue Motor did offer to refund the costs of the inspection. Mrs Y hasn't accepted this. Because no agreement has been reached, this matter has been passed to me to make a final 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.

In considering what is fair and reasonable, I need to have regard to the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider was good industry practice at the relevant time.

The agreement in this case is a regulated hire purchase agreement – so we can consider a complaint relating to it. Blue Motor as the supplier of the goods under this type of agreement is responsible for a complaint about their quality.

The Consumer Rights Act 2015 ('CRA') is relevant to this complaint. It says that under a contract to supply goods, there is an implied term that 'the quality of the goods is satisfactory'.

To be considered 'satisfactory', the goods would 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 car's history.

The quality of the goods includes their general state and condition and other things like their fitness for purpose, appearance and finish, freedom from minor defects, safety, and durability can be aspects of this.

This car was seven years old when Mrs Y acquired it and it had travelled around 70,000 miles. I think a reasonable person would accept that such a vehicle would probably have some parts that are worn and would need replacing sooner or later – which is reflected in the lower price paid in comparison to a new vehicle.

But there's also a reasonable expectation that a vehicle will be relatively durable - taking into account its age, price and mileage at the outset. So even though the vehicle wasn't new, Mrs Y should have been able to use it for a reasonable period before it needed significant work.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it to reach what I think is the right outcome.

### **Was there a fault with the car**

As I've outlined above this car has a significant fault with its transmission and this now needs to be replaced. There is no dispute that the car has this fault and that it is unlikely to be economically repairable because of it.

### **Was the car of satisfactory quality bearing in mind the fault**

Blue Motor has essentially said the faults happened too far on from the point of supply for them to have been present when supplied. It's said this is based on when the car broke down and when Mrs Y made her complaint.

But Mrs Y noticed that the car was showing a warning light about potential problems with the transmission almost immediately after the sale. And in time repair and maintenance was undertaken because of this. So, I think it's clear that the fault was present when Mrs Y acquired the car.

And the independent report has provided detailed information about why the car broke down. Indicating the transmission had a long standing oil leak and had not been serviced at the manufacturers specified intervals, before Mrs Y acquired the car. I've found the contents of the report to be reasonable, detailed and persuasive.

I think the facts of this situation, as presented to me, show that the car was sold to Mrs Y with a terminal fault with the transmission either present or developing. This fault was due to lack of servicing before Mrs Y acquired it. I believe this means the car wasn't of satisfactory quality when Mrs Y acquired it, as it already was faulty. And this led to it not being durable.

Blue Motor hasn't agreed but I think it's fair to say that its reasons for this, have not taken into consideration the facts of the situation and the independent report. It hasn't acknowledged that Mrs Y said the car was faulty almost straight away. And that she took action to have the transmission serviced.

And it seems to suggest that the car missing a recommended transmission service was inconsequential, as servicing a car at the manufacturers recommended intervals is only a recommendation and not a requirement. Even though servicing a car is usually essential to avoid catastrophic engine and transmission failures, as happened here. Its final response says that the independent report doesn't establish that the car was faulty at the time of sale, even though the report concluded that the car was faulty at the time of sale.

It is disappointing to see this. And I'm sure this evident and very poor customer service, added to the distress Mrs Y was experiencing due to the problems she was having with the car. I think this is clearly a situation that Blue Motor should have put right some time ago.

Mrs Y couldn't use the car after October 2022 when it broke down because of the problems with the transmission. I agree it's fair that Mrs Y should get a refund for the payments she has made from this date until the date she stopped paying and the agreement was ended.

Mrs Y has said she incurred other costs due to the car not being of satisfactory quality. These were:

- The cost of the initial transmission servicing in August 2021 of £101.31,
- The inspection from the garage where the car was recovered to of £546
- And the independent report costs of £1,250.

I think it would be fair and reasonable for Blue Motor to reimburse these costs as Mrs Y wouldn't have incurred them if the car had been of satisfactory quality and If Blue Motor had offered the assistance it should have when considering her complaint.

Mrs Y has described the impact all of this has had on her and said this has caused her stress and inconvenience as she has been dealing with this for a long time. Mrs Y also said she had to borrow money from family members to pay for diagnostics and the independent inspection. I think the compensation our Investigator recommended of £200 is reasonable compensation for this distress and inconvenience.

Overall, I'm upholding Mrs Y's complaint. I think the car wasn't of satisfactory quality and Blue Motor should put things right.

### **Putting things right**

I uphold this complaint against Blue Motor and tell it to:

- End the contract with nothing further for Mrs Y to pay, if this has not been done already.
- Refund to Mrs Y all monthly payments made from October 2022 to the date the agreement was terminated.
- Refund Mrs Y £1,897.31 for additional expenses she incurred.
- Pay 8% simple yearly interest on all refunded amounts from the date Mrs Y paid them until the date of settlement.
- Pay a further amount of £200 for any distress or inconvenience that's been caused due to the faulty goods.
- Remove any adverse information from the customer's credit file in relation to the agreement.

If Blue Motor considers that it's required by HM Revenue & Customs to withhold income tax from the interest part of my award, it should tell Mrs Y how much it's taken off. It should also give Mrs Y a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

### **My final decision**

For the reasons I've explained, I uphold Mrs Y's complaint.

Blue Motor Finance Ltd should put things right by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs Y to accept or reject my decision before 24 July 2025.

Andy Burlinson  
**Ombudsman**