

The complaint

Mr H complains about the quality of a car he acquired under a hire purchase agreement with Blue Motor Finance Ltd (BMF).

When I refer to what Mr H and BMF have said and/or done, it should also be taken to include things said and/or done on their behalf.

What happened

In February 2024, Mr H entered into a hire purchase agreement with BMF to acquire a used car. The car was first registered in September 2013. At the time of acquisition, the car had travelled approximately 99,712 miles as per the MOT from around that time. The total cash price of the car was approximately £8,495 when Mr H acquired it. The total amount payable under the finance agreement was approximately £12,111. The agreement consisted of 60 monthly repayments each of around £190 with an option to purchase fee of around £1 which was payable at the same time as the final instalment.

Mr H said he took the car in for a recall to a car manufacturer's dealership and they had found an issue. This was approximately after having the car for three to four months and at the time the car had travelled around 102,400 miles. The dealership informed him that in the past the wheel of the car had come off, and the wheel carrier of the car was scraped across the tarmac. They also told him that the bolts that go into the wheel were cross threaded up too tightly and that there may be a risk of the wheel coming off, as a result of the bolt changing shape from circular to oval at the point of entry into the wheel. Mr H said that the car manufacturer's garage told him that this damage was done a long time ago. So he said, he provided BMF with the contact information of the car manufacturer's garage, but BMF did not make any contact with them.

In June 2024, BMF wrote to Mr H. In this correspondence they said the issues with the wheel hub and the bearings are maintenance issues and, as Mr H had covered over 3,000 miles in the car, they said they would need evidence that the faults were present at point of sale. So, they said they were unable to uphold his complaint.

Mr H remained unhappy, so he referred his complaint to the Financial Ombudsman Service (Financial Ombudsman).

While the case was at Financial Ombudsman, BMF had arranged and paid for an independent inspection of the car. And following the inspection, our investigator considered Mr H's complaint and was of the opinion that the car was of unsatisfactory quality. The investigator was of the opinion that BMF should arrange and cover the cost of the repair to the wheel/carrier & wheel bearing.

BMF did not agree, so the complaint has been passed 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.

Where evidence is unclear or in dispute, I reach my findings on the balance of probabilities – which is to say, what I consider most likely to have happened based on the evidence available and the surrounding circumstances.

In considering what is fair and reasonable, I need to take into account the relevant rules, guidance, good industry practice, the law and, where appropriate, what would be considered good industry practice at the relevant time. Mr H acquired the car under a hire purchase agreement, which is a regulated consumer credit agreement. Our service can look at these sorts of agreements. BMF is the supplier of goods under this type of agreement and is responsible for dealing with complaints about their quality.

I have summarised this complaint very briefly, in less detail than has been provided, and largely in my own words. No discourtesy is intended by this. If there is something I have not mentioned, I have not ignored it. I have not commented on every individual detail. But I have focussed on those that are central to me reaching, what I think is, the right outcome. This reflects the informal nature of the Financial Ombudsman as a free alternative to the courts.

The Consumer Rights Act 2015 (CRA) covers agreements such as the one Mr H entered into. Under this agreement, there is an implied term that the goods supplied will be of satisfactory quality. The CRA says that goods will be considered of satisfactory quality where they meet the standard that a reasonable person would consider satisfactory – taking into account the description of the goods, the price paid, and other relevant circumstances. I think in this case those relevant circumstances include, but are not limited to, the age and mileage of the car and the cash price. The CRA says the quality of the goods includes their general state and condition, as well as other things like their fitness for purpose, appearance and finish, freedom from minor defects, safety, and durability.

In Mr H's case the car was over 10 years old, with total cash price of approximately £8,495. It had covered around 99,712 miles as per the MOT from around that time. So, the car had travelled a reasonable distance, and it is reasonable to expect there to be some wear to it because of this use. I would have different expectations of it compared to a brand-new car. As with any car, there is an expectation of ongoing maintenance and upkeep costs. There are parts that will naturally wear over time, and it is reasonable to expect these to be replaced. And with second-hand cars, it is more likely parts will need to be replaced sooner or be worn faster than with a brand-new car. So, BMF would not be responsible for anything that was due to normal wear and tear whilst in Mr H's possession. But given the age, mileage and price paid, I think it's fair to say that a reasonable person would not expect anything significant to be wrong with the car shortly after it was acquired.

First, I considered if there were faults with the car. Based on the car manufacturer's garage paperwork, and the independent inspection that was commissioned by BMF, I can see there was damage found to the NSR brake disc backing plate, which displayed some distortion and impact damage. There was also some evidence of impact damage and scoring to the rear hub casting and arm. So, it is clear that the car is faulty. But just because a car is faulty does not automatically mean that it was of unsatisfactory quality when supplied. So, I have considered if the car was of unsatisfactory quality when it was supplied to Mr H.

BMF said that at the point of supply the car had travelled over 99,000 miles, so it would be fair to say that it had come with a reasonable amount of wear and tear. Mr H had then covered a further 3,000 miles before the damage was noticed, and then covered a further 4,000 miles without incident. So BMF said, it would not have been possible for him to cover that amount of mileage if the fault was there at the point of sale. BMF said the independent report they commissioned states that it cannot conclusively determine the car damage was

present prior to its supply, as it may have occurred thereafter. And, they said, the damage could also be classed as cosmetic. So, they believe that it has had no effect on Mr H's ability to use the car given the amount of miles covered. Overall, they feel that they are not responsible for the issues in question.

I have taken into consideration what BMF have said, but the report they commissioned also said the damage noted was of an aged appearance and had not occurred recently. So, considering this statement, and the fact that Mr H raised these issues only after having travelled in the car for less than 3,000 miles and having it for less than four months, I think most likely, the damage happened before the car was supplied to him. When coming to this conclusion, I have also considered that, had the damage been more recent, the wheels and tyres most likely would also have had some noted damage. However, the independent report noted that there was no external impact to the wheels and tyres, and that there was no evidence of any displacement or damage.

The report did indicate that the car was of satisfactory quality, and it seems that this inference was most likely made because in the conclusion the report states that the car "has remained in use for 4,638 miles without fault, it is not considered that this is affecting the use of the vehicle." But just because a component has not yet completely failed, combined with the fact that the engineer could not conclude if the damage happened before or after supply, means that there is not enough information to say that on balance the car was of satisfactory quality at point of sale. And even if the car is drivable, the car's manufacturer dealership recommended the repair work is carried out for safety reasons. As such, I think most likely, this damage is not cosmetic, as mentioned by BMF, and I do not think it is a damage that Mr H would have noticed without looking underneath the car. So, it is also not unreasonable for Mr H to not notice this damage earlier.

Overall, I agree with our investigator who said that the car was not of satisfactory quality when supplied to Mr H. I have considered that Mr H only had the car for less than four months and travelled less than 3,000 miles before the issues in question were first noted. This, combined with the fact that the independent report said the damage noted was of an aged appearance and had not occurred recently, suggests, most likely, that the car was damaged before it was supplied to Mr H. Given the age, mileage of the car, the price paid, combined with how significant the faults are, how quickly Mr H raised these, and the fact that, most likely, these have an impact on the car's safety, I do not think these costs and faults would be expected by a reasonable person to be sustained, especially given the short time frame. Needing such a repair is a significant problem to arise and is very expensive to put right. So, I think that, most likely, these issues were present at the time of supply. And, I think, most likely, the car was of unsatisfactory quality when supplied to Mr H. As I believe Mr H should be able to exercise his right to a repair under the CRA, BMF should, within a reasonable time, arrange for the repairs to be completed to the wheel hub and to the brake disc backing plate, or alternatively cover the cost of the work to be carried out by a third-party garage at no cost to Mr H.

My final decision

For the reasons given above, I uphold this complaint and direct Blue Motor Finance Ltd to, within a reasonable time, arrange for the repairs to be completed to the wheel hub and to the brake disc backing plate, or alternatively cover the cost of the work to be carried out by a third-party garage at no cost to Mr H.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 19 June 2025.

Mike Kozbial
Ombudsman