

## **The complaint**

Miss K complains about the quality of a car she has been financing through an agreement with STARTLINE MOTOR FINANCE LIMITED (who I'll call SMF).

## **What happened**

Miss K took receipt of a used car in June 2024. She financed the deal through a hire purchase agreement with SMF. At the point of supply the car was about five years old and had already completed about 64,674 miles.

An Anti-lock Braking System (ABS) sensor was replaced in August 2024 and in September 2024 the car broke down again. SMF organised an independent inspection who said the turbo boost was weak and there was soot around the Diesel Particulate Filter (DPF) that suggested a leak. They said:

*"The fault codes suggest an issue (with) the turbocharger boost pressures which can be caused by the turbocharger boost end of its in-service life, an issue the EGR valve, or a blockage of the DPF system.*

*It will require checks under workshop controlled conditions to confirm the exact cause and (on) the balance of probabilities it is a combination of all of the above".*

SMF agreed to arrange a further repair, but Miss K wanted to reject the car and when she referred her complaint to this service our investigator agreed that that was the fairest course of action.

SMF disagreed with our investigator, so the complaint has been referred to me, an ombudsman, for 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.

I know it will disappoint SMF, but I'm upholding this complaint. I'll explain why.

Where the information I've got is incomplete, unclear, or contradictory, as some of it is here, I have to base my decision on the balance of probabilities.

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 in order to reach what I think is the right outcome.

Miss K acquired her car under a hire purchase agreement. This is a regulated consumer credit agreement and as a result our service is able to look into complaints about it.

The Consumer Rights Act (2015) is the relevant legislation. It says that the car should have been of satisfactory quality when supplied. If it wasn't then SMF, who are also the supplier of the car, are responsible. The relevant law also says the quality of goods is satisfactory if they meet the standard that a reasonable person would consider satisfactory taking into account any description of the goods, the price and all the other relevant circumstances.

In a case like this which involves a car the other relevant circumstances would include things like the age and mileage at the time the car was supplied to Miss K. The car here was five years old and had completed about 64,674 miles.

An old car with a high mileage will not be expected to be as good as a newer car with a low mileage, but it should still be fit for use on the road, in a condition that reflects its age and price.

The relevant legislation explains that if the fault occurs within the first six months, we are to assume it was present at the point of supply, when SMF were responsible for the car's quality, unless they can demonstrate otherwise.

The ABS fault occurred only a couple of months after Miss K took receipt of the vehicle and it seems likely to me that it was, therefore, developing at the point of supply. The relevant legislation says that a consumer can reject goods if after one repair or one replacement, the goods do not conform to the contract. Here, I think that was the case as a further fault is present. There's a fault that the expert independent inspector thinks is most likely a combination of the *"turbocharger boost end of its in-service life, an issue (with) the EGR valve, or a blockage of the DPF system"*.

I don't think those faults are insignificant as they affect the power output of the vehicle, and it seems to me that any failure is unlikely to be resolved by merely cleaning the system as the inspector also suspects a leak in the DPF and has suggested there may be "an issue" with the EGR valve. In all of those circumstances I think the fairest solution is to now allow Miss K to reject the car.

### **Putting things right**

SMF should collect the car at no cost to Miss K (if they've not already done so) and they should end the finance agreement.

They'll need to refund any deposit Miss K has paid and, as she's been deprived of that money, they will need to add interest to that refund.

Miss K appears to have had reasonable use of the car until it broke down in September 2024. In respect of the loss of use incurred I think SMF should therefore refund all payments made since September 2024. They'll, again, need to add interest to that refund.

## **My final decision**

I uphold this complaint for the reasons I've given above, and I tell STARTLINE MOTOR FINANCE LIMITED to:

- end the agreement with nothing further to pay;
- collect the car (if this has not been done already) at no further cost to the customer;
- refund the customer's deposit/part exchange contribution;
- refund the monthly payments from September 2024 until settlement;
- pay 8% simple yearly interest\* on all refunded amounts from the date of payment until the date of settlement;
- remove any adverse information they may have reported to Miss K's credit file in relation to this agreement, if applicable.

\*If HM Revenue & Customs requires the business to take off tax from this interest, they must give the consumer a certificate showing how much tax it's taken off if the consumer asks for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss K to accept or reject my decision before 2 May 2025.

Phillip McMahon  
**Ombudsman**