

The complaint

Mr M complains that a car supplied to him under a hire purchase agreement with Creation Consumer Finance Ltd (CCF) is of unsatisfactory quality.

What happened

The circumstances surrounding this complaint and my initial findings were set out in my provisional decision which said:

In January 2023 Mr M entered into a hire purchase agreement with CCF to acquire a used car. The car was over five years old, with a mileage of around 65,244. The cash price of the car was £14,245.00. A part exchange value of £4,348.21 was given to Mr M, the same amount as was listed as settling a previous agreement. There was no advance payment listed. The total amount payable on the agreement was £19,487.80, payable over 60 months. This was made up of 59 monthly repayments of £324.63 with a final repayment of £334.63 being due including an option to purchase fee.

Mr M explained that soon after taking delivery of the car, he noticed the engine light came on and encountered an oil pressure issue. He said he contacted the dealership, and was in communication for some time before nothing was ultimately done about it. Mr M said he took the car to a local repairer, who said there was an outstanding recall on the vehicle. Mr M let the dealership know, and they arranged for this recall work to be carried out in May 2023. During this time, Mr M explains the manufacturer linked repairer explained he had an issue with the oil evaporator on the car. Mr M explained he raised this with the dealership, where action again wasn't taken.

Mr M said there was communication ongoing until September 2023, when the vehicle stopped working. He informed the dealership and they arranged a courtesy car for him, and to collect his vehicle. After a few days, Mr M's vehicle was repaired and the courtesy car was handed back. Mr M noticed worsening oil consumption and the white smoke issue worsening around this time. Mr M complained that his vehicle was now using around 1 litre of oil for every 120 miles travelled. Mr M explained he's spent a lot of money on oil and diagnostics trying to get the car fixed but is now struggling to keep this going.

Mr M raised his complaint with CCF. As part of its final response, CCF explained to Mr M that he could obtain an independent inspection report, to see if the faults were present or developing at the point of sale, but that at this point, there isn't evidence to show they were responsible for any issues.

Mr M was unhappy with the complaint progress and as such, brought his complaint to this service where it was passed to one of our investigators. The investigator did not uphold the complaint. They said they don't think the vehicle was of unsatisfactory quality when it was supplied due to the amount of mileage Mr M was able to cover in his ownership of the vehicle, along with his use of the vehicle causing significant damage over time. Mr M disagreed with the outcome, and supplied invoices for his engine oil purchases.

The investigator relooked at the complaint with this additional information, but this didn't change their outcome. Mr M disagreed with this again, and as such I've been asked to review the complaint to make a final decision.

I sent Mr M and CCF my provisional decision on 12 June 2025. I explained why I thought the complaint should be upheld. The key parts of my provisional findings are copied below: I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Mr M acquired a car under a hire purchase agreement. Entering into consumer credit contracts like this is a regulated activity, so I'm satisfied we can consider Mr M's complaint about CCF. CCF is also the supplier of the goods under this type of agreement meaning they are responsible for a complaint about the supply of the car and its quality. The Consumer Rights Act 2015 (CRA) is relevant in this case. It says that under a contract to supply goods, there is an implied term that "the quality of the goods is satisfactory, fit for purpose and as described". To be considered as satisfactory, the CRA says the goods 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 vehicle's history.

In this case, Mr M acquired a car that was over five years old and had travelled around 65,244 miles. As this was a used car with this mileage and age, it's reasonable to expect parts may already have suffered more wear and tear when compared to a new car or one that is less travelled. There's a greater risk this car might need repair and/or maintenance sooner than a car which wasn't as road-worn.

I've reviewed the available information about the issues Mr M experienced with the car. Based on what I've seen, I'm satisfied that there was a fault with the car. I say this because neither CCF nor Mr M dispute the vehicle had an issue related to the oil usage. I've also seen an engineer's report confirming the car has issues, and communications between the dealership and Mr M about the vehicle and its need for repair. Having considered the car had a fault, I've considered whether it was of satisfactory quality at the time of supply. I can see Mr M explained he'd raised an issue with the oil to the dealership within a month of owning the vehicle. I've seen emails that show he was in conversation about this with them. I can see these emails stretch to May 2023 where Mr M is chasing the dealership up on previous communications.

The dealership responded to this to say they were sorry they hadn't come back sooner but they've booked in the vehicle at a manufacturer linked repairer for 23 May 2023, inviting Mr M to drop the vehicle to them the day before and they will take it to the repairer. Mr M replied to explain he has a booking on 19 May 2023 at a manufacturer linked repairer and would like to continue with this, to which the dealership agreed.

Mr M has then emailed the dealership to explain the repairer suggested the vehicle needs a full engine check as it was burning too much oil, and requests help with getting an appointment for this as they aren't available until July 2023.

I can then see communications showing Mr M managed to get a short notice appointment at the repairer for the engine check. He explained the repairer said there was an issue with an oil evaporator causing the engine oil issue. Mr M explains he asked the repairer to contact the dealership and keep him updated.

There are communications from the dealership explaining they are awaiting a quote to book the car in for repair and that they understand the job should only take a couple of hours. The emails then end after 10 August 2023 where the dealership state they are waiting for confirmation and will send over some dates for Mr M to choose from.

This is followed up by some messages Mr M has explained are text messages between himself and the dealership. I can see on 22 September 2023 the dealership explain a recovery driver can collect Mr M's vehicle and can deliver him a courtesy car.

Mr M arranged for an independent car inspector to look at the car, to determine the ongoing issues and to see if they were likely to have been present or developing at the point of sale. The engineer explains the coolant expansion tank had a contamination of oil, and after around two minutes of the vehicle starting up, white smoke was being emitted from the exhaust and the inspector was unable to carry out a combustion leak test due to over pressurisation from the coolant expansion tank. The inspector noted two diagnostic fault codes relating to the oil level and they also noted an email from Mr M to the dealership in February 2023 about the oil and another email from March 2023 where the manufacturer confirmed the vehicle was burning too much oil, recommending a full engine check.

The inspector explained the faults could possibly be linked to a head gasket failure, and that the faults with the engine burning too much oil would have been present or developing at the point of sale. The inspector also stated that significant damage has now been caused to the engine after being driven for around 20 months with the oil issues.

I can see the mileage was listed at 65,244 at the point of sale and 103,344 when inspected. This means Mr M was able to travel around 38,100 miles since the point of sale. I would consider this to be above average mileage. Having said this, I can see Mr M had been raising an issue with the vehicle to do with its oil levels as early as the first month of ownership, and I can see from communications sent in that Mr M continued to try to have these issues investigated and resolved. Whilst I acknowledge that if the engine has now suffered significant damage through Mr M driving it, I don't see that he could reasonably have been expected to have done anything differently.

I say this because Mr M has tried to have the issues investigated and resolved, it appears as though the dealership have arranged for the vehicle to be taken in and have work done to repair it, and it appears that these repairs have failed as the inspection report confirms there are still issues with the vehicles oil usage. Mr M has also continued to try to look after the car by topping up its oil at a rate a reasonable person may consider to be extremely unusual at great cost to himself.

So, I'm persuaded by the information and testimony available that the issues were present or developing at the point of sale, and that this made the car of unsatisfactory quality. I'm also persuaded that the repair attempted has failed. It would be useful to have job cards or invoices available showing exactly what work was carried out, but in the absence of these I have made my decision based on what is available.

I invited both parties to make any further comments. Mr M responded to accept the provisional decision. CCF responded to provide some information from the dealership to be considered. Now both parties have had an opportunity to comment, I can go ahead with my final decision. I would just note I can see the dealership made comment about the short time for them to provide information in relation to this complaint given to the by the Financial Ombudsman Service. However, the provisional decision was issued on 12 June 2025.

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.

As CCF responded with some information to be considered, it will be useful for me to note and answer this here. I can see CCF have provided some invoices regarding work carried out on the vehicle. These are three from late September 2023, appearing to match around the time Mr M's vehicle was taken in for repairs after correspondence between Mr M and the dealership, and a courtesy car provided. This is followed by an invoice from November 2024, appearing to follow the independent inspection report. CCF also provided three instances of the vehicle passing an MOT, and mentioned they'd expect to see some of the issues claimed recorded on these as a fail.

Alongside this, CCF have passed on comments from the dealership where they have wanted to note that Mr M had continued to use the vehicle and covered around 41,502 miles and had an authorised warranty claim in November 2024.

I thank the dealership and CCF for providing the information. I can see some comments by the dealership addressing CCF and as such I will not cover those here but I have thought about all of the information provided both new and previously available to guide my decision. It is useful to see the invoices in September 2023. These do confirm that the vehicle was taken in for repairs in September 2023, and the work that was carried out. Similarly, it's useful to see what work was carried out in November 2024.

I also note the dealership's position around the mileage travelled by Mr M and the lack of information about potential faults recorded on MOT records. I've explained why I'm persuaded it is reasonable Mr M continued to use the vehicle in my provisional decision, and this has not changed. Mr M had no reasonable alternative to continuing to drive the vehicle, and appears to have been keeping it going at a greater cost to himself than may be expected by a reasonable person in relation to the amount of oil he was purchasing. Mr M appears to have been raising faults and trying to get them seen to and repaired, and I have nothing to show he hasn't taken steps to keep the vehicle in working condition by doing what he has done. I can't say why the MOT records do or do not mention information about the faults. However, Mr M has a vehicle that has a fault, has been in for repairs, is confirmed by an independent inspection report to have had a fault that was present or developing at the point of sale, and that significant damage has now been caused.

The invoices supplied confirm some of the repairs carried out to Mr M's vehicle. Mr M had been experiencing issues with his vehicle from the first month of ownership, and had been trying to have them rectified. The invoices do show that work was carried out to try to repair issues with the vehicle, and based on everything I have, it appears not to have resolved things. The information contained in the independent inspection report is not changed by these. This does confirm that Mr M had a vehicle that had an issue that was present or developing at the point of sale. As none of the invoices or information supplied changes this, I'm still persuaded the vehicle was of unsatisfactory quality for the reasons explained in my provisional decision.

As neither party responded to my provisional findings with any further information that changes my decision, I see no reason to depart from them or it above. I've copied below what I provisionally decided CCF need to do to put things right. As I received no further information or comments that changes things as outlined here, this has also not changed.

Putting things right

As I've concluded that the car was not of satisfactory quality when it was supplied, I think it's reasonable that CCF should put things right.

In this case, I do think it's reasonable that Mr M should be allowed to reject the vehicle as laid out by the CRA. I say this because the vehicle has had a failed repair, and the vehicle remained unrepaired for a significant amount of time.

CCF will need to treat the agreement as ended when Mr M handed back the car with nothing further to pay after this and refund the deposit paid. CCF is entitled to retain any part of the deposit made up of dealer contributions if applicable. Mr M has been able to use the vehicle, and has achieved what I'd consider to be above average mileage through his ownership of it, and it is fair he pays for that usage, so it is fair for CCF to retain the monthly payments made towards the agreement whilst it was in force up until it should be treated as ended. CCF should ensure that Mr M has only paid one monthly payment for each month the agreement was in force, with any amount paid above this being returned.

CCF will need to reimburse evidenced repair costs Mr M has incurred trying to resolve the fault, this does not include any servicing or MOT costs as these would likely have been incurred on another vehicle regardless.

It is also fair that CCF reimburse Mr M's costs in relation to the oil he had to purchase to keep the vehicle running as a result of the vehicle not being of satisfactory quality. I can't state for certain the oil went into the vehicle under this agreement, however I have no reason to doubt that it did. Mr M has provided a number of documents showing the costs he incurred. Having looked at these and considered information on what a similar vehicle's oil consumption may have expected to have been if there wasn't an issue with it, and how often a reasonable person may expect to have to top up a similar vehicle's oil level, it is fair for Mr M to have paid for around 20 litres of oil based on the miles he travelled. Therefore, CCF should reimburse the oil Mr M had to purchase above this amount, due to being provided a car that was not of satisfactory quality.

I've also considered if a payment for distress and inconvenience is relevant in this complaint. I do think it is fair for CCF to pay Mr M £200 for distress and inconvenience caused here. I say this because Mr M will have encountered inconvenience in having to keep his car running in the way that he has for so long and the stress of the situation this will have caused.

My final decision

For the reasons explained, I intend to uphold Mr M's complaint and instruct Creation Consumer Finance Ltd to do the following:

- Treat the agreement as if it was ended from the date Mr M handed back the vehicle with nothing further to pay after this date.
- Refund the deposit paid towards the agreement. Creation Consumer Finance Limited is entitled to retain any part of the deposit that was made up by dealer contributions if applicable.
- Ensure Mr M has only paid for his usage of the vehicle whilst the agreement is treated as in force as outlined above.
- Reimburse evidenced repair costs as outlined above.

- Reimburse oil costs as outlined above.
- Pay 8% simple yearly interest* on the above, to be calculated from when Mr M made the payment to the date of the settlement.
- Pay Mr M £200 for the distress and inconvenience caused.
- Remove any adverse information recorded on Mr M's credit file in relation to the agreement if applicable.

*HM Revenue & Customs requires Creation Consumer Finance Ltd to deduct tax from the interest amount. Creation Consumer Finance Ltd should give Mr M a certificate showing how much tax it has deducted If he asks for one. Mr M can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 28 July 2025.

Jack Evans
Ombudsman