

The complaint

Miss S is unhappy that a car supplied to her under a hire purchase agreement with Toyota Financial Services (UK) PLC t/a Redline Financial (Redline) was of an unsatisfactory quality.

When I refer to what Miss S has said and what Redline have said, it should also be taken to include things said on their behalf.

What happened

Miss S was supplied a car under a hire purchase agreement with Redline through an agreement dated 24 January 2024. The car was just over nine years old and had travelled 99,656 miles at the time of supply. The price of the car was £12,940 and Miss S was required to pay 54 monthly payments of £295.28.

On 11 March 2024 the car went into limp mode and she took the car to have an independent diagnostic test undertaken and numerous faults were diagnosed. In contacting her warranty company they advised that they could not deal with the faults unless they were individually priced for them to consider. Miss S then contacted the supplying garage who recovered the car to them. That had the car for approximately two months to repair.

When the car was returned to Miss S she states that there was damage to the paintwork and alloy wheels, in addition the car was still faulty. She took it to a separate garage who said there were multiple issues with the car. She complained to Redline.

On 15 August 2024 Redline issued their response to Miss S's complaint. They partially upheld the complaint. The issues they considered as part of her complaint were:

- The numerous issues that Miss S had reported with the car, including leaks and wipers not working
- The delays Miss S had experienced in the repairs being undertaken
- That Miss S was not provided with a courtesy car

Redline partially upheld Miss S's complaint. They did highlight the age and mileage of the car at the time of supply and the fact it would have associated wear and tear. They did accept there was a fault but that the supplying garage had arranged for repairs to be undertaken.

The issues raised about not being supplied a courtesy car and potential miss-selling of the warranty but stated that they are not responsible for any provision of courtesy car nor the warranty, so they did not consider them. In upholding the complaint, they felt that their obligations had been discharged by the car being repaired. However, as a goodwill gesture they offered a two-month payment deferral and £75 in recognition of the distress and inconvenience caused.

Miss S was not happy with Redline's response raising a further complaint with them, highlighting that the car was still faulty and one of the injectors needed replacing. She noted the cost of diagnostics to identify which one was faulty was a barrier and that without this

test she could not drive the car. She stressed the impact that this was having on her and her family life.

Redline responded to Miss S's further complaint on 25 October 2024. They noted that Miss S had informed them that an injector needed replacing but the garage couldn't identify which one. The further diagnostic test to identify the issue fully would cost £300 and the warranty company would not pay for the diagnostic test. Redline stated that they had spoken to the supplying garage and they had advised that they needed evidence of the fault with the car and any repair work undertaken. They would then be able to investigate further and provide Miss S with her options. Without that evidence they could not uphold her complaint.

They reiterated their earlier stance that the issues with the warranty were not their responsibility and offered Miss S the same goodwill gesture as they had done on the 15 August 2024.

As Miss S was not happy, she complained to us.

Our investigator issued their decision on 16 December 2024 and they did uphold Miss S's complaint but did not provide for the remedy she wanted; in that they did not believe she had the right to reject the car. They felt that there was sufficient evidence to show that the car was faulty at the time of supply, citing the independent diagnostic date 8 March 2024. This in their opinion made the car of unsatisfactory quality. The issue for the investigator was whether the car was still faulty given that the supplying garage had already investigated it and repaired it. Miss S had provided no further diagnostic evidence other than the report dated 8 March 2024. Also, whilst she provided pictures of the car that showed damage to the paintwork and alloy wheels there was no evidence that this damage was caused by the garage.

In upholding Miss S's complaint, they directed Redline to:

- Pay a refund equivalent to the time she did not have the car when it was being repaired
- Pay a refund of £65 for the cost of the diagnostic
- Pay simple 8% annual interest from the date of payment to the date of settlement
- Pay £200 in compensation for the distress and inconvenience caused by being supplied a faulty car
- Remove any adverse information from Miss S's credit file in relation to this agreement.

Redline accepted the investigators decision.

Miss S did not accept the decision, as she felt that she should be able to reject the car. She cited the cost of the diagnostic test as prohibitive, the fact that she had purchased the most expensive warranty and the impact it was having on her life and mental wellbeing. As part of the exchange of messages with the investigator it was re-iterated that she needed to provide definitive proof that the car is still faulty for us to uphold her complaint.

Miss S did provide a diagnostic report from a garage dated 2 October 2024 that stated that there were no fault codes present but there was a serious diesel knock. This was a suspected injector fault and Miss S was advised not to drive in case it caused further damage.

Our investigator did not change their view and felt that the evidence highlighted that there was a potential fault but was not definitive proof that the car was faulty.

As Miss S still did not accept the decision it has been passed to me to consider.

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 this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and (if appropriate) what I consider was good industry practice at the time.

Miss S was supplied with a vehicle under a hire purchase agreement. This is a regulated consumer credit agreement which means we are able to investigate complaints about it.

The Consumer Rights Act 2015 (CRA) is of particular relevance 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". The CRA 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. So it seems likely that in a case involving a vehicle, the other relevant circumstances a court would take into account might include things like the age and mileage at the time of sale and the vehicle's history.

The CRA says 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. Where goods are second hand, as in this case, due regard must be had to the price, age and any description applied to the vehicle.

So, if I thought the vehicle was faulty or not fit for purpose when Miss S took possession of it and this made the vehicle not of a satisfactory quality, it'd be fair and reasonable to ask Redline to put this right.

In deciding what is right and fair in this case I need to consider issues with the warranty, the alleged damage caused by the supplying garage when repairing the car, whether Redline has discharged any duty owed to Miss S resulting from when the car first developed faults in March 2024 and whether the subsequent issues Miss S has experienced renders the car still of unsatisfactory quality – thereby giving her the right to reject.

The warranty itself does not form part of the finance agreement with Redline, so generally it would not be right and fair to hold Redline accountable for any issue with it. I can see some communications between Miss S and the warranty company is attached as part of the file. The general tone of the exchange of messages between them is the need for Miss S to get the car diagnosed to provide an itemised cost for the repairs, so that they can assess accordingly what, if any, elements are covered. There is nothing presented in the file that changes my view that I cannot hold Redline liable for a warranty that did not form part of the agreement between Miss S and them.

In terms of the damage Miss S alleges that was caused when the supplying garage had the car in for repair during March and April 2024. Miss S has provided photographs that does show damage to both the paintwork and alloy wheels. Redline is adamant that the damage was not caused by the supplying garage. In their letter to her dated 15 August 2024 they state that they had spoken to the supplying garage and that the repairs had been undertaken by an independent garage. There was no damage caused when the car was in either of their possession and the car was returned back to Miss S in the same condition, save for the repairs, that it had been handed over to them.

It is always difficult to adjudicate on issues where there are two differing versions of events. In order to hold Redline accountable in these circumstances the onus is on Miss S to show that any damage had been caused by the garage when it had it with them for repair. Whilst I have seen photographs showing damage to the paintwork and alloy wheels, they do not provide compelling evidence that the damage was caused by the repairing/supplying garage. If Miss S had produced "before" photos or any communication with the supplying garage immediately on the return of the car (27 April 2024) highlighting the issue then that may have persuaded me to conclude that the evidence was sufficient to hold Redline liable for the damage. As it is I do not find there is compelling evidence and therefore do not uphold this element of Miss S's complaint

It appears that there is general agreement by both parties that the car was originally faulty when it went into limp mode in March 2024. The report from an independent diagnostic report dated 8 March 2024, when the car had travelled 100760 miles, supports this conclusion. The car was taken in by the original garage and returned to Miss S. The supplying garage states that the car is repaired, Miss S states that there are still faults.

For me to find that the subsequent faults that Miss S has experienced with the car made it of unsatisfactory quality I would need to be persuaded that the car is still faulty. Also, that any fault still present is either due to the first repairs failing to rectify the original issue or if it was a new fault, this fault made the car of unsatisfactory quality at the time of supply.

I need to look at the evidence that Miss S has supplied regarding this new fault. Miss S has provided emails from the warranty company. I do not find these emails compelling evidence that there is a fault with the car. An email from her warranty company dated 19 September 2024 is typical of the emails attached to the file. In this email they direct Miss S to take the car to a VAT registered garage to provide an estimate for the repairs. I also note that to take action under the warranty Miss S has 14 days to get the diagnostic undertaken and the estimate sent to them for them to consider a warranty claim. Other than Miss S's assertion there is an issue with the car this does not contain any independent verification that the car is faulty.

Potentially more persuasive is a diagnostic report from a garage dated 2 October 2024 that stated that there were no fault codes present but there was a serious diesel knock. This was a suspected injector fault and Miss S was advised not to drive in case it caused further damage. Redline's response to these later issues as set out in their letter 25 October 2024 is that the supplying garage is willing to look into the matter further, but that Miss S would need to provide further evidence of the faults. Miss S has received a similar response from our investigator that she would need to provide stronger evidence to show that there was still a fault with her car.

One of my considerations in relation to Miss S and whether it is right and fair to ask her to provide further evidence of any fault with the car is how difficult it would be for her to have obtained stronger evidence. In this case I note that Miss S has stated in an email to our investigator dated 11 December 2024 that when she took it to one garage in was one of six injectors that were at fault, but she would need to take it another garage for a diagnostic test. This would cost £288 plus VAT. Whilst empathetic to Miss S's circumstances and fully understanding that cost can be prohibitive for many people the fact remains that it was reasonably straight forward (albeit with a cost attached) for Miss S to provide a definitive diagnostic. This would have helped establish whether the car was still faulty and whether that made it of unsatisfactory quality, so she could claim against Redline, or whether she would be entitled to take a claim through her warranty.

So the evidence I have to base my decision on in relation to this second fault is the diagnostic report dated 2 October 2024. Whilst this report is indicative that there is a fault to be investigated it does not provide any definitive evidence of what any fault is. I also note that this later diagnostic report highlights an issue with the injectors. The earlier diagnostic report carried out in March does not reference any issues with the injectors, indicating that at this point there were no issues with the injectors. This leads me to conclude that the new issues that Miss S is experiencing would not be the result of a failed repair. This means that Miss S would need to prove to me that the issues with the injector were there, or developing, at the time of supply and would make the car of unsatisfactory quality. For the reasons set out above I do not find the evidence Miss S has supplied compelling and I cannot conclude that the car still has a fault that would make it of unsatisfactory quality.

I do uphold Miss S's complaint in relation to the first fault found but find that Redline's primary duty to the quality of the car has been discharged through the car being repaired. That said they should compensate her for the additional expenditure that she incurred in getting the first diagnostic. That she should not have to pay for the time she did not have the car.

In considering any compensation due I note the impact that Miss S states the faulty car has had on her and her family life. However, I can only award compensation relating to the original fault identified in March not the subsequent issues Miss S has experienced, as she has not proven that Redline is at fault for these later faults. I can see that Miss S has had the inconvenience of being without a car and had to take it for diagnostic checks. The investigator suggested an amount of £200 and that seems fair and reasonable in the circumstances of this complaint.

Putting things right

I uphold Miss S's complaint against Redline and direct them to do the following to put things right:

- Pay a refund equivalent to the time she did not have the car when it was being repaired, namely two monthly payments totaling £590.56
- Pay a refund of £65 for the cost of the diagnostic
- Pay simple 8% annual interest from the date of payment to the date of settlement
- Pay £200 in compensation for the distress and inconvenience caused by being supplied a faulty car
- Remove any adverse information from Miss S's credit file in relation to this agreement.

My final decision

My decision is that I do uphold this complaint against Toyota Financial Services (UK) PLC t/a Redline Financial. In order to settle this case they are directed to follow the redress above

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 15 July 2025.

Leon Livermore
Ombudsman