

## **The complaint**

Mr E complains that a car acquired under a hire purchase agreement with Lendable Ltd trading as Autolend (“Autolend”) wasn’t of satisfactory quality when it was supplied to him.

## **What happened**

The parties are familiar with the background of this complaint so I will only summarise what happened briefly here.

In May 2024, Mr E entered into an agreement to acquire a used car from a dealership. He paid a deposit of £500, and the balance of the purchase price was provided under a hire purchase agreement with Autolend. Mr E used a credit broker, who I’ll refer to as F, to source the finance agreement for him. The car was almost nine years old and had covered approximately 86,500 miles when it was supplied to Mr E. The agreement was for 60 months, and the cash price of the car was £8,573.

A couple of months after being supplied with the car, Mr E has said he noticed some problems with it. He says that he went to a local garage, who told him not to drive it as the head gasket had gone – they recommended he take it to a manufacturer-approved garage. He did this a couple of weeks later, and says it was confirmed that it wasn’t a head gasket problem, and he was fine to use the car.

Mr E got back in contact with the supplying dealership at this point, and they arranged a new warranty for him. However, the warranty-approved garage Mr E visited weren’t able to undertake the required work. Mr E got in touch with F, and also with Autolend as he wasn’t happy with the quality of the car.

F arranged for an independent inspection and report of the car. It had covered approximately 92,300 miles at this point – Mr E had covered around 6,000 miles in it since he had been supplied with it. The report confirmed the problem was with a poorly fitted turbocharger, which needed to be rectified. It also confirmed the turbocharger looked like a new component, and the problem would have been developing at the point of supply. Based on this report, Autolend didn’t uphold Mr E’s complaint. They said the report confirmed the dealership hadn’t replaced the turbocharger as it appeared to be a new component.

Mr E brought his complaint to our service. Our investigator upheld it. She said she thought Mr E hadn’t replaced the turbocharger whilst the car was in his possession, and she was satisfied that the independent report confirmed the problem would have been present at the time the car was supplied to Mr E. She said that Autolend should have the opportunity to repair, at no cost to Mr E. She also said he should be reimbursed for coolant he’d purchased throughout the complaint, along with a diagnostic test he’d paid for. She also said Autolend should pay Mr E £250 to reflect the distress he’d been caused by having a car that wasn’t of satisfactory quality when it was supplied to him.

Mr E accepted, but Autolend didn’t. They said they felt the evidence showed Mr E had arranged for the turbocharger replacement himself, and that had led to the problems he was

now experiencing with the car. They offered Mr E £50 as they felt the turbocharger had needed replacing prematurely but didn't think they should be liable for anything else.

As Autolend haven't agreed, the complaint has been passed to me to decide.

### **What I've decided – and why**

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Both parties have provided a lot of information here. I'd like to reassure them that I've read and considered everything that's been sent, although I haven't commented on all of it within this decision. I will be focussing on what I consider to be the key points of this complaint.

When considering what is fair and reasonable, I'm required to take into account: relevant law and regulations, relevant regulatory rules, guidance and standards and codes of practice.

As the hire purchase agreement entered by Mr E is a regulated consumer credit agreement this service is able to consider complaints relating to it. Autolend are also the supplier of the goods under this type of agreement and are responsible for a complaint about their quality.

The Consumer Rights Act 2015 (CRA) covers agreements like the one Mr E entered. Because Autolend supplied the car under a hire purchase agreement, there's an implied term that it is of satisfactory quality at the point of supply. Cars are of satisfactory quality if they are of a standard that a reasonable person would find acceptable, taking into account factors such as – amongst other things – the age and mileage of the car and the price paid.

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

But, on the other hand, satisfactory quality also covers durability. For cars, this means the components must last a reasonable amount of time. Of course, durability will depend on various factors. In Mr E's case, the car was over eight years old and had covered approximately 86,500 miles when he acquired it. So, I'd have different expectations of it compared to a brand-new car. Having said that, the car's condition should have met the standard a reasonable person would consider satisfactory, given its age, mileage, and price.

Our investigator has said she thinks the car was of unsatisfactory quality when it was supplied to Mr E. I agree in this case. There is no doubt the car has a fault – the reports provided confirm that, and I don't think either party contests that there is a fault. And from what I've seen, I'm satisfied the fault was present when Mr E acquired the car. I'll explain why.

The CRA explains that where goods are found not to have conformed to the contract within the first six months, it is presumed the goods did not conform to the contract at the point of supply. Unless the supplier, Autolend in this case, can prove otherwise. Mr E brought the problems with the car to Autolend's attention in September 2024, four months after he'd been supplied with it. So, I need to consider if Autolend have done what I'd expect them to have done once they were aware there were problems with the car.

Here, F had already arranged for an independent inspection and report to be completed. It was this report that Autolend used to determine that the problems with the coolant leak and poor fitting of the turbocharger were as a result of Mr E having the turbocharger changed once he was in possession of the car. Autolend say this because the report says the turbocharger is a new component, and the coolant residue seen would have occurred after around 100 miles of use once the new turbocharger had been fitted.

Where the evidence is incomplete, inconclusive, or contradictory, I have to reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

Autolend's main argument is that the report confirms Mr E must have had the turbocharger changed himself, because it looks like a new turbocharger, and it was this replacement that led to further problems. Because of that, Autolend decided they felt the car was of satisfactory quality when it was supplied to Mr E, and it was only his choice to replace the turbocharger that led to the further problems he was experiencing.

But I don't think that is a conclusion Autolend can come to or that I can agree with in this case, based on the findings in the independent report – which I find to be the most persuasive piece of evidence in this case. The report does confirm that the turbocharger appears to be a new component, and has been poorly fitted, which has led to the leaking of coolant during use. However, I'm not persuaded that the report conclusively confirms Mr E arranged the turbocharger replacement once he was in possession of the car.

Whilst the report confirms the coolant leak could have occurred after 100 miles, and that that is common in turbocharger replacement repairs, it also confirms that the leak is a minor issue, doesn't affect the roadworthiness of the car, and wouldn't impact an MOT assessment. It also confirms that the problem would have been developing at the point the car was supplied to Mr E. I'm more satisfied than not, based on what I've been provided with, that it is more likely than not that the turbocharger replacement took place prior to Mr E being supplied with the car. Mr E had used the car for approximately 6,000 miles when the independent inspection of the car was undertaken, so it's possible the turbocharger would look like a new component when compared to the other components in a nine-year old car that had covered over 92,000 miles at that point. But I'm not persuaded that the report conclusively confirms Mr E had the turbocharger replacement arranged himself, and I'm not persuaded that Autolend have done enough to prove otherwise. So, it follows that I'm more satisfied than not that the car wasn't of satisfactory quality when it was supplied to Mr E, and Autolend have to do something to put things right.

The CRA allows for one opportunity to repair the fault. I know that the supplying dealership have always been willing to take the car back for repair, but the time limits and impact on Mr E's personal situation hasn't made that possible. But I'm satisfied that repair is the most suitable option in this case. Autolend should make arrangements with Mr E to collect the car from him at a time that is suitable and should arrange for the repairs to be done with the costs covered by Autolend. They should then arrange to have the car delivered back to Mr E.

Mr E has explained his personal circumstances in some detail, and I know it's going to be difficult for him to be without his car for any period of time. But I don't think it's unreasonable to expect some inconvenience in this situation – I would just urge Mr E and Autolend to work together to find the most suitable option, and allow Mr E appropriate time to make any alternative arrangements he might need to make to ensure he can continue to work and fulfil his other family commitments. It's possible Mr E will be without the car for a while as the repairs are taken care of. I would ask Autolend to take this into consideration and make a reasonable attempt to support him in making alternative arrangements either through a

courtesy car or a refund of payments for loss of use. If Mr E doesn't feel this happens, he may have grounds to bring a further complaint to our service.

Mr E has provided our service with a couple of receipts for coolant that he's had to buy to keep the coolant level consistent. And he's provided an invoice and receipt for the diagnostic test he paid for in September 2024. I'm satisfied Autolend should reimburse him for these amounts – subject to Mr E providing them with the relevant invoice and payment confirmation.

Mr E has mentioned that he had an arrangement to pay for three months with Autolend while his complaint was being considered, and this has had an impact on his credit file. I can see in their final response to Mr E that Autolend explained the impact of any payment arrangements on Mr E's credit file, and Autolend have a duty to report accurate information to the credit reference agencies, so I won't be asking them to remove those entries. However, if Mr E believes Autolend have recorded anything incorrectly, he should speak to them about it in the first instance. Similarly, if Mr E is in financial difficulties I remind Autolend to treat him with forbearance and due consideration. And if Mr E is unhappy about how he's been treated he can contact Autolend, but I'm not dealing with that in this decision.

Finally, Mr E has explained in great detail and articulately the impact having a car of unsatisfactory quality has had on him and his personal circumstances and wellbeing. I thank him for that and recognise it's clearly been a very difficult time for him. Our investigator has recommended that Autolend pay Mr E £250 to reflect the distress he's been caused, and I think that amount is fair in the circumstances of this complaint.

### **My final decision**

For the reasons above, I uphold this complaint. Lendable Ltd trading as Autolend must:

- Collect the car at no cost to Mr E.
- Arrange and cover the cost of repairs to the car in line with the independent report. This should be done in a reasonable time and with minimal inconvenience to Mr E.
- Deliver the car back to Mr E once repairs have been completed.
- Refund Mr E £75.98 for the purchase of coolant and for the diagnostic test he paid for – subject to Mr E providing Lendable Ltd trading as Autolend with the receipts (if he hasn't done so already).
- Pay 8% simple interest on the refunded amounts from the date they were paid until the date of settlement.\*
- Pay Mr E £250 for the distress he's been caused by being supplied with a car that wasn't of satisfactory quality.

\*If Lendable Ltd trading as Autolend consider that they're required by HM Revenue & Customs to deduct income tax from that interest, they should tell Mr E how much they've taken off. They should also give Mr E a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 25 June 2025.

Kevin Parmenter  
**Ombudsman**