

The complaint

Mr S believes that a car supplied to him under a hire purchase agreement with Black Horse Limited trading as Jaguar Financial Services (JFS) was of an unsatisfactory quality.

When I refer to what Mr S or JFS have said or done, it should also be taken to include things said or done on their behalf.

What happened

In June 2023, Mr S acquired a used car through a hire purchase agreement with JFS. The car was first registered in December 2019 and the finance agreement confirmed it had travelled around 47,865 miles. The cash price of the car was £56,052 and he paid a deposit of £10,250. The amount of credit was for £45,802 and the duration of the agreement was 49 months; with 48 monthly repayments of around £683 and a final repayment of £32,766.

Four days after acquiring the car, Mr S reported a spoiler fault. This was repaired at no cost to Mr S in July 2023.

In March 2024, multiple warning lights illuminated on the dashboard. The car was returned to the dealership, who arranged for a specialist inspection. This found issues relating to the airbag control unit and following further investigation, significant water ingress was identified. Mr S was quoted around £3,400 for repairs to the airbag control unit, and over £17,000 for wiring repairs needed due to water damage.

The dealership initially agreed to repair the car, but as there was no evidence to suggest the leak was present or developing at point of supply, JFS didn't agree they were liable for the substantial cost of repairing the car.

JFS said the fault was reported outside of the first six months of the agreement, so it's for Mr S to prove the fault was present or developing at point of supply. They believe the lack of any mention of a leak or evidence of water ingress in pre-sale MOTs supports the issue developed while in Mr S' possession. They also said there was no evidence of water ingress when the car was returned to the dealer for the spoiler repair in July 2023.

Our Investigator reviewed matters and thought Mr S' complaint should be upheld. They said there was evidence of a historic water leak that they believe, on balance, could be linked to the current water ingress problem. And considering the age, mileage and price of the luxury car, and the time Mr S had been in possession of it before the problem presented, they don't consider it to be sufficiently durable.

For these reasons, the Investigator was persuaded the water ingress issue made the car of unsatisfactory quality. And because JFS's opportunity to repair the car had failed, they thought JFS should now allow Mr S to reject the car, refund his deposit and monthly payments for the periods he was without the car, pay £200 compensation for the distress and inconvenience caused and remove adverse information from his credit file.

Mr S accepted the Investigator's view. But JFS didn't agree. In summary, they said the car had passed extensive water testing, there is no evidence the water damage was caused by a fault with the car and the historical water leak comment in the service history was an error. They said the water ingress damage was identified around ten months after supply, Mr S had travelled around 10,000 miles in that time and the most likely cause was user error.

As no agreement has been reached, the matter 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.

I think it's important to firstly explain I've read and taken into account all of the information provided by both parties, in reaching my decision. If I've not reflected something that's been said it's not because I didn't see it, it's because I didn't deem it relevant to the crux of the complaint. This isn't intended as a discourtesy to either party, but merely to reflect my informal role in deciding what a reasonable outcome is. Where evidence has been incomplete or contradictory, I've reached my view on the balance of probabilities – what I think is most likely to have happened given the available evidence and wider circumstances.

In considering this complaint I've taken into account 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.

Mr S was supplied with a car 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) covers agreements such as the one Mr S 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.

Mr S acquired a used car that was around four years old and had covered around 47,865 miles. Its cash price was £56,052. So, what would be considered satisfactory quality would be different to if Mr S had acquired the same car brand new and at a greater cost. As this was a used car with notable mileage and age, it's reasonable to expect parts may already have suffered wear and tear, and would need to be replaced sooner, when compared to a new car or one that is less travelled. So, JFS wouldn't be responsible for anything that was due to normal wear and tear while in Mr S' possession.

However, the car's condition at the point of supply should have met the standard a reasonable person would consider satisfactory - considering its age, mileage and price. The CRA says the aspects of the quality of the goods includes their general state and condition, alongside other things such as their fitness for purpose, safety, and durability. So, if I thought the car was faulty when Mr S took possession of it, or that the car wasn't sufficiently durable, and this made the car not of a satisfactory quality, it'd be fair and reasonable to ask JFS to put this right.

Spoiler

Mr S first reported the spoiler fault four days into the agreement. Given the short amount of time Mr S had been in possession of the car, and the minimal mileage covered, before it required a spoiler repair, I'm satisfied there was a fault with the car when it was supplied. I'm also satisfied that fault meant the car wasn't sufficiently durable and therefore wasn't of

satisfactory quality when it was supplied – meaning there was a breach of contract. And this isn't disputed by JFS.

The CRA sets out that Mr S has a short term right to reject the car within the first 30 days if the car is of unsatisfactory quality. However, he would need to ask for rejection within that time. Mr S would not be able to retrospectively exercise his short term right of rejection after the 30 days have passed. So, even though there was a fault which made the car of unsatisfactory quality, Mr S could only exercise his short term right to rejection within the first 30 days, and only if he expressed his wish to do so – which he didn't do.

Mr S requested the spoiler be repaired, which was carried out within a reasonable timeframe and at no cost to him, as I'd expect. I've seen no evidence of an ongoing issue with the spoiler following the repair carried out in July 2023. So, I find this repair fixed the fault.

Water Ingress

Outside of the first 30 days, the right to reject may only be exercised if the goods don't conform to contract after one repair or replacement. This is known as the single chance at repair, which in this case took place when the spoiler was repaired in July 2023. So, for me to say JFS should now agree to rejection of Mr S' car, I must first be satisfied that based on evidence, the water ingress that presented after the spoiler repair was more likely than not either the result of a failed repair, or that it also made the car of an unsatisfactory quality when supplied.

I've not seen any evidence that confirms the water ingress was linked in any way to the previous spoiler repair. So, I've considered if it alone would make the car of an unsatisfactory quality when it was supplied to Mr S.

The car's repair history confirms a repair was carried out to the transfer gear control unit in February 2021, following a water leak that was found in December 2020. JFS say this was recorded in error and should've been noted as a repair to the transfer box. However, I've seen an email from the engineer who carried out this repair which says:

"Faults were logged for no communication with the transfer box control unit. After checking all fuses (which were OK), I conducted a visual inspection of the multiplug connection on the transfer box... There was evidence of water ingress into the multiplug, and all wires within the plug were corroded, blackened, and some had snapped.

I replaced both the control unit and the multiplug ... and replaced all wires into the plug...

...Above I have attached the images support our warranty claim, showing the water ingress at the plug connector to the Transfer box control unit. This wiring is located below the vehicle..."

Based on the above, I'm satisfied the car did have a historic water ingress problem that affected the transfer box control unit and wiring. What's not so clear here, is if the current damage is linked to the previous water ingress problem.

JFS believe the most likely cause of the existing damage is it being driven through a body of water since being in Mr S' possession. But they've provided no conclusive or persuasive evidence on which this opinion was based on, beyond the car passing water testing and no leaks being found.

JFS say the onus is on Mr S to prove the water ingress was present or developing at point of supply, as it was identified outside of the first six months of the agreement. But I don't find

this to be reasonable in the circumstances of this case. Mr S acquired a relatively young luxury car with a cash price of around £56,000, which required repairs in excess of £20,000 only nine months later, for a water ingress problem which the car has had repairs for previously. With this in mind, I asked JFS to arrange and pay for an independent report on the current damage.

The car was inspected by an independent engineer on 4 June 2025. The report was mostly inconclusive but did say:

“The engineer can see the vehicle had the water drains checked on the 06/12/2022 which may have been the cause of the reported water ingress.”

Having considered all of the available evidence, I’m persuaded that, on balance, it’s more likely than not the existing water ingress damage was present or developing when the car was supplied to Mr S. I say this because there is a recorded history of water ingress causing damage to electrical components, as is the case here. Alternatively, the possibility of the water drains being checked in December 2022 being the source of further water ingress issues would mean the damage would’ve been developing when Mr S acquired the car in June 2023.

I’m therefore satisfied there was a fault with the car when it was supplied to Mr S and that fault made the car of unsatisfactory quality – meaning there was a breach of contract.

Putting things right

Having determined the car wasn’t of satisfactory quality, I’ve thought about what JFS should do to put things right for Mr S.

As JFS has had their single opportunity at repair, and the goods didn’t conform to contract following this repair, Mr S has the right to reject the car – which he has expressed his wish to do. JFS should therefore now end Mr S’ hire purchase agreement with nothing further owed and refund the deposit he paid. If any adverse information has been recorded by JFS on Mr S’ credit file, this should be removed.

JFS has already paid Mr S around £145 to reflect the time he was unable to use the car while the spoiler was being repaired and the distress, inconvenience and loss of enjoyment this caused him.

JFS has been in possession of the car since March 2024. Mr S was provided with a courtesy car from 14 July to 7 October 2024 – so he was kept mobile during this time. But between 4 March and 14 July 2024, and since 7 October 2024, Mr S was paying for goods he couldn’t use. As the car was off the road due to it being of unsatisfactory quality, and JFS failed to keep Mr S mobile during these periods; they should refund the payments he made during these periods to reflect loss of use.

To reflect the time Mr S was without access to the sums of money mentioned above, interest should be added to each of the refunded amounts from the date of each payment until the date of settlement. Interest should be calculated at 8% simple per year.

Mr S has suffered significant inconvenience as a result of what has happened here as he was without a car for a considerable period of time, when he was relying on it for work and family commitments. So, I think JFS should pay £200 in compensation to reflect the distress and inconvenience caused.

My final decision

For the reasons set out above, my final decision is that I uphold Mr S' complaint and direct Black Horse Limited trading as Jaguar Financial Services to:

- End the agreement with nothing further to pay;
- Remove any adverse entries relating to this agreement from Mr S' credit file;
- Refund the £10,250 deposit Mr S paid;
- Refund four monthly payments from March to July 2024;
- Refund all monthly payments made since 7 October 2024;
- Apply 8% simple yearly interest on all refunded amounts - calculated from the date Mr S made each payment to the date of the refund[†];
- Pay Mr S £200 compensation for the distress and inconvenience caused.

[†]If JFS considers that tax should be deducted from the interest element of my award, they should provide Mr S with a certificate showing how much they have taken off so he can reclaim that amount, if he is eligible to do so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 23 July 2025.

Nicola Bastin
Ombudsman