

The complaint

Mr K complains about the quality of a car supplied to him by Toyota Financial Services (UK) PLC trading as Redline Finance ("Redline Finance") under a hire purchase agreement ("agreement") and that both the car and the agreement were misrepresented to him by the dealership/credit intermediary, a dealership/credit intermediary that I will call "I".

What happened

On 4 December 2020 the car subject to this complaint passed its MOT test. The odometer reading was noted as being 21,212.

On 6 January 2021 the car subject to this complaint underwent its 36 monthly (48,000 mile) service. The odometer reading was noted as being 21,914.

On 2 December 2021 the car subject to this complaint passed its MOT test. The odometer reading was noted as being 25,299.

On 9 July 2022 the car subject to this complaint underwent its 48 monthly (64,000 mile) service. The odometer reading was noted as being 26,333.

On 22 November 2022 the car subject to this complaint underwent an inspection by I. The odometer reading was noted as being 30,550. A copy of this inspection was provided to our service (by Redline Finance) along with the following schedule:

Fault/Defect	Authorised Proceed
...	...
change battery	Yes
...	...

On 28 November 2022 the car subject to this complaint passed its MOT test with the advice that the two front tyres were worn close to the legal limit. The odometer reading was noted as being 29,519.

On 23 February 2023 Mr K entered into an agreement with Redline Finance for the car subject to this complaint. At the time of supply the car was approximately five years old and had a recorded odometer reading of 30,566, although this mileage was noted on the sales invoice and agreement as being 29,670.

The cash price of the car was £53,439.01 which included a 24 month warranty costing £1,425.00 and other extras costing £1,714.00.

Under the terms of the agreement, everything else being equal, Mr K undertook to pay a deposit of £17,000.00 (£5,598.00 cash plus £11,402.00 part exchange allowance) followed by 47 monthly payments of £609.15 and 1 monthly payment of £19,665.00 making a total sum repayable of £65,295.05 at an APR of 10.9%.

On 23 February 2023 an invoice for £240.00 was raised for works undertaken on the car, works that appear to have included a repair to the bodywork. The odometer reading was noted on this invoice as being 30,566. Mr K wasn't required to pay the cost of this invoice.

On 28 March 2023 an invoice for £221.31 was raised for a replacement tyre. The odometer reading was noted on this invoice as being 30,566. Mr K wasn't required to pay the cost of this invoice.

On 30 May 2023, after Mr K had contacted it, I advised Mr K that:

- it would undertake the next scheduled service free of charge
- the car "has had a new battery"
- the wheels were refurbished before 'sale'
- the car had a number of areas polished and GARDX applied to address his concerns in this respect

On 30 May 2023 Mr K advised I that he wasn't happy that all the work it had promised would be undertaken had been.

On 27 June 2023 I paid Mr K £100.00 in respect of the bodywork repairs it had been unable to complete and addressed a number of issues Mr K had raised with it.

On 16 August 2023 I advised Mr K that it would address the various issues he had raised with it.

On 21 September 2023 Mr K contacted Redline Finance to complain about various issues he had with the car, that the mileage on the agreement was incorrect (understated by 896 miles) and that the agreement had been mis-sold to him.

On 17 October 2023 I contacted Mr K to say that it would like to address the body repair issues after warranty works on the car had been completed.

On 17 October 2023 Mr K asked I whether it could check for a possible coolant leak and to complain to it that he had been advised that the two front tyres needed replacing due to uneven wear, wear that had arisen a result of poor wheel alignment.

On 18 October 2023 I contacted Mr K for permission to replace a tyre in order that a road test could be undertaken and to confirm what bodywork issues needed addressing.

On 19 October 2023 Mr K raised a number of issues with I that he said he wanted addressing.

On 19 October 2023 I advised Mr K that it had referred most of his issues to Redline Finance to address and when his warranty (and other work) had been completed it would look to undertake the bodywork issues.

On 25 October 2023 an invoice for £433.95 was raised for the car's 60 month (80,000 mile) service. The odometer reading was noted on this invoice as being 41,156. Mr K wasn't required to pay the cost of this invoice.

On 25 October 2023 an invoice for £541.63 was raised for two replacement tyres. The odometer reading was noted on this invoice as being 41,156. Mr K was required to pay this invoice and did so.

On 15 November 2023 Redline Finance issued Mr K with a final response letter ("FRL"). Under cover of this FRL Redline Finance advised Mr K it wasn't upholding his various complaints.

On 16 November 2023 Mr K referred his complaint to our service.

On 1 December 2023 the car subject to this complaint passed its MOT test with the advice that the offside rear outer drive shaft joint constant velocity boot should be repaired as soon as possible and that the rear brakes pad(s) were wearing thin. The odometer reading was noted as being 41,882.

On 31 January 2024 an invoice for £39.15 was raised for a transmission fluid change. The odometer reading was noted on this invoice as being 41,156. Mr K wasn't required to pay this invoice.

On 5 February 2024 an invoice for £1,284.60 was raised for various works including a replacement fuse box. The odometer reading was noted on this invoice as being 42,469. Mr K wasn't required to pay this invoice.

Mr K's complaint was considered by one of our investigators who ultimately came to the view that Redline Finance should:

- end the agreement with nothing further for Mr K to pay
- collect the car from Mr K at no cost to him
- refund to Mr K the deposit he paid of £17,000.00
- refund to Mr K 10% of the monthly agreement payments he made between 15 July 2023 and 22 April 2024
- refund to Mr K 100% of the monthly agreement payments he made between 23 April 2024 and the date, if applicable, he was advised he could use the car
- refund to Mr K 10% of the monthly agreement payments he made since the date, if applicable, he was advised he could use the car and the date of settlement
- refund to Mr K any cost he incurred in having the wheels realigned in, or around, October 2023
- refund to Mr K, on settlement, the cost attributable to any remaining and unexpired warranty period
- pay Mr K interest at 8% simple a year on all of the above refunds
- pay Mr K £150.00 for the distress and inconvenience this whole matter has caused him
- remove any adverse information recorded with credit reference agencies in respect of the agreement

On 17 October 2024 an invoice for £516.41 was raised for the car's 72 month (96,000 mile) service. The odometer reading was noted on this invoice as being 49,725. Mr K was required to pay this invoice and did so.

On 3 December 2024 the car subject to this complaint passed its MOT test. The odometer reading was noted as being 51,547.

On 20 December 2024 Mr K confirmed that the odometer on the car subject to this complaint was 52,012.

Mr K accepted the investigator's ultimate view. However, although Redline Finance acknowledged receipt of the investigator's ultimate view it didn't confirm whether it accepted it or not. So because of Redline Finance's failure to confirm whether it accepted our investigator's ultimate view Mr K's complaint was passed to me for review and decision.

In January 2025 I issued a provisional decision on this case. In summary I said:

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I would like to start by outlining that I don't intend on commenting on everything that occurred, or every complaint point, concern, or issue the parties have raised. Instead, I'll focus on what I think is important in reaching a decision which is fair and reasonable in all the circumstances. I don't mean this as a discourtesy to either party, instead it reflects the informal nature of this service and my role within it. But I'd like to reassure both parties that I've considered all the information they've provided when reaching my provisional decision.

Mr K acquired a used car through an agreement with Redline Finance. Redline Finance is the owner of the car, until such time as Mr K makes all the repayments under the agreement. As owner, Redline Finance is also the supplier of the car and as such it's responsible for the quality of the car at the point it was supplied. This is because the Consumer Rights Act 2015 ("CRA") implies a term around satisfactory quality into the agreement and the car should therefore be of satisfactory quality when supplied to Mr K.

I think it's important to note that Redline Finance's obligations around the quality of the car apply to the time of supply. They don't apply to the general upkeep and maintenance, servicing or more general faults and repairs that are often required with cars as they age and increase in mileage.

When considering whether goods are of satisfactory quality a number of things would usually be considered. In this instance, when considering the quality of a car, the age and mileage of the car at the time it was supplied are in my view key considerations. So for example, a brand new car would have different expectations to a used and considerably cheaper car. Those expectations would therefore be lower in a used or older higher mileage car, when compared to a new car.

In this instance Mr K was acquiring a used car that was around five years old and had travelled approximately 30,000 miles. But it's important to note this car isn't extremely aged or high mileage and was priced at over £53,000, which is a significant amount of money for a car. Therefore, the expectations around satisfactory quality would be suitably heightened.

Given the issues that Mr K says he has had with the car, the issues he has been able to evidence he has had with the car, and continues to have, the number of repairs and attempted repairs that have been undertaken on the car, how long the car has been out of Mr K's possession for repairs, or attempted repairs, the cost of the car and the current recorded mileage I'm satisfied that the car wasn't of satisfactory quality when it was supplied to Mr K.

Having concluded Mr K was supplied with a car that was of unsatisfactory quality I've gone on to consider what Redline Finance should have to do to put things right.

Based on what both parties have said and submitted I'm not persuaded that a further repair attempt would be appropriate. Instead, I'm of the view that Mr K should be able to reject the car and that Redline Finance should:

- collect the car from him at no cost
- end the agreement with nothing further to pay
- refund the deposit paid of £17,000.00 together with interest

In addition to the above I've considered whether Redline Finance should have to do anything more to fairly and reasonably compensate Mr K. And having done so I'm of the view that it should.

Based on what both partes have said and submitted I'm satisfied that Mr K has had use of the car subject to this complaint since it was supplied to him bar about a month and half when it was in for repair and he had use of a courtesy car. I say this in part given the evidenced mileage of the car as of December 2024 and the mileage noted at each service and MOT test. So unlike the investigator I don't think it would be fair or reasonable for me to direct Redline Finance to refund any agreement payments by Mr K in full.

But I do think that it's only fair and reasonable that Redline Finance should refund to Mr K 10% of each agreement payment he has made since the car was supplied to him, together with interest, to reflect his use of the car has been impaired.

In their ultimate view the investigator concluded that Redline Finance should refund to Mr K, together with interest, the cost he incurred in having all four wheels realigned. But notwithstanding that I've seen no documentary evidence in support of this cost (or that Mr K paid this cost) I'm not persuaded that Redline Finance need refund this. I say this given when, amongst other things, Mr K said the wheels possibly needed realignment.

Mr K appears to accept the investigator's view that he should have to bear the cost of replacing two tyres in October 2023. But for the avoidance of doubt I can confirm that I'm in agreement with the investigator's view on this point and for the same reasons.

In their ultimate view the investigator concluded that Redline Finance should refund to Mr K, on settlement, the cost attributable to any remaining and unexpired warranty period.

However, notwithstanding that in my view there will be no unexpired warranty period remaining come the end of February 2025 Mr K will receive a partial warranty cost refund by virtue of the fact that the cost of the warranty was 'financed' and payable over 48 months and given that I've found that Mr K shouldn't have to pay any further agreement payments.

The last thing for me to decide is what Redline Finance should have to pay Mr K for the distress and inconvenience this whole matter has caused him. And taking everything into account I can confirm that a sum of £500.00 in my view would be appropriate for this.

Mr K has raised a number of other complaint points including, but not restricted to, the car and the agreement terms being misrepresented to him. But I need make no finding on these other complaint points because even if was to uphold them this wouldn't result in me awarding Mr K any more than I have.

I then went on to outline precisely what Redline Finance should do to fairly and reasonably compensate Mr K.

Mr K responded to my provisional findings to say he accepted them and to advise that on the car's return to Redline Finance he will have to pay £80.00 to transfer his personal plate to a 'new' car or to place it on retention.

Redline Finance confirmed receipt of my provisional findings but didn't provide any further submissions or evidence for my consideration by the date I gave for the same.

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 Redline Finance has provided no further submissions or evidence in response to my provisional findings, I can confirm that I see no reason to depart from those findings except to say that I'm satisfied that Red Line Finance should also pay Mr K £80.00 towards the cost of transferring his personal plate to a 'new' car or to place it on retention.

My final decision

My final decision is that Toyota Financial Services (UK) PLC trading as Redline Finance must:

- collect the car from Mr K at no cost to him
- end the agreement with nothing further for Mr K to pay
- refund to Mr K the deposit he paid of £17,000.00
- pay Mr K interest on the above refund at 8% a year simple from the date of payment to the date of settlement*
- refund to Mr K 10% of each agreement payment he has made since the car was supplied to him
- pay Mr K interest on the above refunds at 8% a year simple from the date of each payment to the date of settlement*
- pay Mr K £500.00 for the distress and inconvenience this whole matter has caused him
- pay Mr K £80.00 towards the cost of transferring his personal plate to a 'new' car or to place it on retention
- remove any adverse information recorded with credit reference agencies in respect of the agreement

**HMRC requires Toyota Financial Services (UK) PLC trading as Redline Finance to take off tax from this interest. If Mr K asks for a certificate showing how much tax has been taken off this should be provided.*

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 20 March 2025.

Peter Cook
Ombudsman