

The complaint

Mr O complains that a car supplied to him under a hire purchase agreement with Land Rover Financial Services (LRFS) 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 July 2020 Mr O entered into a hire purchase agreement with LRFS to acquire a used car. The car was around four years old being first registered in May 2016, with a mileage of around 36,000. The cash price of the car was £23,350.00 with a deposit of £10,000.00 being paid. The total amount financed on the agreement was £17,603.35, payable over 46 months. This was made up of 45 monthly repayments of £170.23, with a final repayment of £9,943.00 being due if Mr O wanted to keep the vehicle at the end of the agreement.

In August 2023, Mr O explained he experienced the vehicle going into limp mode. He then explained he took the vehicle to be investigated. It was discovered the turbo had failed. On further examination and during the turbo replacement, Mr O states it was discovered the vehicle's engine had seized and this also required a replacement. In total this would cost around £16,000.00. In November 2023, Mr O raised a complaint about these issues to Black Horse.

Black Horse responded to Mr O's complaint to explain they couldn't find anything to suggest the car was of unsatisfactory quality at the point of sale and didn't uphold Mr O's complaint. Mr O was unhappy with this response and brought the complaint to this service, where it was passed to one of our investigators.

The investigator upheld the complaint in part. He said that the fault with the turbo was most likely due to wear and tear and didn't think this made the car of unsatisfactory quality. However, the investigator did think that the fault with the engine meant that the car was not suitably durable when it was supplied and explained it was his opinion that LRFS should cover the cost of the engine repair, but not the turbo, and that Mr O should receive his monthly rental payments back from when the engine issue was discovered, to when the vehicle would be repaired and ready to be returned to Mr O. The investigator also said LRFS should pay Mr O £150 for distress and inconvenience caused.

LRFS didn't agree so I've been asked to review the complaint to make a final decision.

I sent Mr O and LRFS my provisional decision on 18 February 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 O 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 O's complaint about LRFS. LRFS 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. The CRA also explains the durability of goods is part of satisfactory quality.

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 O acquired a car that was around four years old and had travelled around 36,000 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 evidence about the issues Mr O 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 LRFS or Mr O dispute the vehicle is faulty. LRFS have agreed there are faults with the engine, and these have required repair. Having considered the car had a fault, I've considered whether it was of satisfactory quality at the time of supply. I'll also consider whether the car was suitably durable.

Firstly, I've looked at the issues Mr O had, to see if the car had faults that were present or developing at the point of sale.

I've kept in mind that Mr O had the vehicle in his possession for just over three years and was able to travel around 30,000 miles in this time bringing the overall mileage of the vehicle to around 66,759 miles. The latest recorded mileage information is confirmed on the job card from 30 August 2023.

For me to say that there was a fault that was present or developing at the point of sale with the turbo or engine as a whole, it can be useful to rely on expert evidence such as an independent inspection report from an engineer. There is no information like this available on this case. Having looked at the information I do have, I'm persuaded that both the turbo and engine didn't have a fault that was present or developing at the point of sale. I say this because if there had been a fault when the vehicle was supplied, I'd expect the parts to fail much sooner than they did taking into account length of ownership and miles travelled. I also don't have any information available to suggest that there was a fault present or developing when the vehicle was supplied.

I then moved on to consider if the car was suitably durable at the point of sale. A reasonable person might expect that with proper servicing, turbos in similar vehicles could be expected to last up to and around 150,000 miles. A reasonable person might also expect that engines as a whole in vehicles like this one could be expected to last upwards of 150,000 miles with proper care and servicing.

I can understand why Mr O is unhappy that these parts have failed earlier than he might have expected them to.

There is no independent inspection report from a qualified engineer to comment on if these parts have failed early in their opinion, however I don't think this should count against Mr O in this case. I say this because I think under the circumstances, with the turbo and engine failing earlier than I consider a reasonable person might expect, LRFS could have stepped in to try to help ascertain why this might have happened. I appreciate the onus can usually be on the consumer to prove the origins of a fault after the first six months of an agreement, but I think LRFS could have stepped in under these unusual circumstances.

I've seen the service history provided by LRFS in response to Mr O's complaint. This appears to show the vehicle was serviced in line with manufacturer expectations, and usually at less mileage than the expected service interval shown on the service schedule. There doesn't appear to be any evidence of lack of servicing or concerning driving habits that may have contributed to the engine and turbo needing replacement.

The lack of report doesn't mean the parts were or were not suitably durable however, it would only help guide the outcome. Based on all the information I do have available; I do not think the parts were suitably durable.

I say this because a reasonable person paying over £20,000.00, which is not an insignificant amount, for a four-year-old vehicle with this mileage, could reasonably expect that the engine and turbo would not fail within the timeframe and mileage it did. These are parts integral to the running of the vehicle, and the cost to replace them was almost as much as Mr O paid for the vehicle. I find it reasonable to expect these to have been more durable. I do appreciate LRFS' position that the faults happened over three years and around 30,000 miles later, but everything I have persuaded me the parts were not suitably durable for the reasons explained above.

I invited both parties to make any further comments. Mr O responded to say he accepted my provisional decision and let me know some information that affected the actions I was minded to direct LRFS to take. LRFS also responded and accepted my provisional decision. After I'd explained that Mr O had supplied further information and clarified with both parties the slight changes to the redress I was minded to direct, LRFS also provided some additional information that Mr O was made aware of. Now both sides have had an opportunity to comment and have been made aware of what I'm likely to decide, I can go ahead with my final decision.

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.

Both parties supplied information in response to my provisional decision, however this information does not change what happened or the reasoning for why the vehicle was not of satisfactory quality when it was supplied. The information only affects the actions LRFS need to take to put things right. As such, I see no reason to depart from my provisional findings outlined above.

Mr O responded to explain that as time had gone on, he was faced with negative credit entries and potential further action being taken against him, and so decided to pay the final repayment fee listed in the agreement as he felt he had no option but to do this to avoid his position worsening. He also explained that he had taken his car to the local dealership that

had replaced the turbo element for him, they removed the replaced turbo and zeroed the bill meaning he hadn't incurred the cost of replacing it. LRFS also supplied information as to the date of some of the information recorded on Mr O's credit file. These submissions do slightly change the actions I was minded to direct LRFS to take. Now I've let both parties know my updated thoughts, I've updated my final decision below to reflect this.

Putting things right

As I've concluded that the car was not of satisfactory quality when it was supplied in relation to it not being suitably durable, I think it's reasonable that LRFS should put things right. In this case, as the parts were not suitably durable when supplied, and there has been an unreasonable amount of time passing from the date the issues were discovered to repair the vehicle, the fairest way to redress things will be to treat the vehicle as rejected from the point in time the fault with the turbo was discovered – 30 August 2023. As such, this would mean the agreement was treated as terminated as of 30 August 2023. I say this because the vehicle was unusable for an extensive period of time, running up until the end of the agreement. Mr O had to purchase another vehicle due to LRFS supplying him with a car that was not suitably durable, and the costs of repair of the vehicle LRFS supplied him with prohibited him from having these carried out. Under the specific circumstances, a rejection of the vehicle is fair here.

This would mean LRFS need to refund Mr O any monthly payments made after 30 August 2023, refund the deposit he paid under the agreement, collect the vehicle at no cost to Mr O and refund the final payment paid by Mr O to keep possession of the vehicle. LRFS will also need to assume the responsibility and associated costs of any further repairs such as to the engine itself. LRFS should also remove any negative credit information recorded about Mr O from 30 August 2023 onwards. Any negative information recorded before this time is not affected by this, as these entries would have been made under the normal operation of the agreement.

I've also considered the impact these events had on Mr O. I agree with the investigator that a payment for distress and inconvenience caused is relevant in this complaint. Mr O explained this had been very stressful for him, whilst suffering major issues and potential repair bills with his vehicle, whilst having to purchase another vehicle to keep mobile. Mr O has also suffered the inconvenience of the uncertainty of the situation, relating to the return of a vehicle he knows has issues with it at the end of a contract. The investigator thought it would be appropriate for LRFS to pay £150 to Mr O for distress and inconvenience caused. Under the circumstances I think this doesn't quite go far enough to recognise the distress caused. For the reasons outlined above, it is fair for LRFS to pay Mr O £300 for the distress and inconvenience caused to reflect what happened over a considerable length of time.

My final decision

For the reasons explained, my final decision is I uphold Mr O's complaint and instruct Land Rover Financial Services Limited must follow my directions above to do the following:

- Treat the vehicle as rejected from 30 August 2023. Ending the agreement from this point with nothing further to pay.
- Collect the vehicle at no cost to Mr O
- Refund any monthly payments paid by Mr O after 30 August 2023.
- Refund the final payment Mr O paid to keep the vehicle.
- Refund the deposit paid towards the agreement, minus any dealer contributions if applicable.

- Pay 8% simple yearly interest on the above, to be calculated from when Mr O made the payment to the date of the refund.
- Remove any negative credit information recorded with credit reference agencies from 30 August 2023 onwards. Any entries before this date are not included in this decision.
- Pay Mr O £300 for the distress and inconvenience caused.

*HM Revenue & Customs requires Land Rover Financial Services to deduct tax from the interest amount. Land Rover Financial Services should give Mr O a certificate showing how much tax it has deducted If he asks for one. Mr O can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 22 April 2025.

Jack Evans
Ombudsman