

The complaint

Mr and Mrs W complain that a car supplied to them under a hire purchase agreement with First Response Finance Limited (FRF) was of unsatisfactory quality.

What happened

In February 2024, Mr and Mrs W acquired a used car through a hire purchase agreement with FRF. The car was first registered in May 2015 and the agreement confirmed it had travelled around 62,768 miles. The cash price of the car and amount of credit was £5,650 and the duration of the agreement was 48 months; with 48 monthly payments of £196.94.

Mr and Mrs W reported the Engine Management Light (EML) illuminating shortly after supply, and the cooling sensor was replaced. In September 2024, the car broke down due to an oil pressure issue. After having trouble finding a garage that would assist them, the car was recovered and taken to a manufacturer approved garage in November 2024, where several issues were identified, including:

- Large oil leak coming from the rocker cover gasket and VVT seals.
- Lack of oil pressure due to a broken oil pump in the timing chain cover.
- Auxiliary belt split.
- Brake calipers fitted incorrectly.
- Front exhaust sleeve fitted and cut to wrong length so not fitting onto mounts.
- Heat shield covering exhaust manifold missing completely.

In addition to the above, Mr and Mrs W were advised all brake pads and discs need replacing, and a new timing chain kit was recommended. They were quoted around £5,000 to complete all repairs to the car.

FRF found all faults found to be caused by general wear and tear, consistent with the car's overall age and mileage, other than an oil pump leak. They considered this to have developed while in Mr and Mrs W's possession, making them responsible for the cost of the required repairs.

Our Investigator reviewed matters and thought it was more likely than not the oil pump leak was present at point of supply, meaning the car wasn't sufficiently durable and therefore not of satisfactory quality when it was supplied to Mr and Mrs W. They said FRF should accept rejection, reimburse recovery costs incurred, refund some payments for loss of use and pay £200 compensation for the distress and inconvenience caused.

FRF didn't agree with the Investigator's view. In summary, they said the CRA states it's the consumers responsibility to prove the car was sold with a fault and the evidence available confirms the present issues are commensurate with the age and mileage of the car. And there is no proof the present oil leak relates to the same oil leak found before the car was supplied to Mr and Mrs W.

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.

Having done so, I've reached the same outcome as the Investigator, for broadly the same reasons.

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.

Mr and Mrs W acquired the car using 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 and Mrs W entered into. Under this agreement, there is an implied term that the goods supplied will be of satisfactory quality. FRF is the supplier of the car and therefore responsible for complaints about its 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. In this case those relevant circumstances include, but are not limited to, the age, mileage and cash price of the car at the point of supply. The CRA says the quality of the goods includes their general state and condition, as well as other things like their fitness for purpose, appearance and finish, freedom from minor defects, safety, and durability.

In Mr and Mrs W's case the car was used, with a cash price of £5,650. It had covered around 62,768 miles and was nearly ten years old when they acquired it. I think a reasonable person would expect a car of this age and mileage to have significantly more wear and tear than a newer one would. And it's also reasonable to expect the car to require repairs and maintenance sooner than one that had travelled fewer miles. But I wouldn't expect the car to be supplied with any significant faults, and I would expect it to be sufficiently safe and durable.

In Mr and Mrs W's case, the lack of oil pressure was found to be the result of a broken oil pump. This component is generally expected to be very durable and last a significant period of time, if not the lifetime of a car, when properly maintained.

FRF's internal contact notes confirm they were advised the oil pump failure could be due to lack of servicing. Given the car had only travelled around 66,000 miles, I think it's reasonable to conclude this is the most likely cause of the failure. However, Mr and Mrs W had only been in possession of the car for seven months and travelled around 3,600 miles. And given most cars are serviced prior to sale, I think it's highly unlikely they missed a service while the car was in their possession.

The vehicle health check didn't note the oil level as low, despite the excessive oil leak. This is consistent with Mr and Mrs W's testimony that they have continued to top up the oil since acquiring the car. It doesn't suggest that Mr and Mrs W allowed the oil to drop too low, which could've caused damage to the oil pump.

The MOT history shows a minor leak from the front exhaust was identified and noted as an advisory in September 2022. In December 2023, the car failed its MOT due to an excessive oil leak from the engine, excessively binding brakes and brake efficiency being below requirements. Three days later, a further MOT was conducted which passed. However, I haven't seen any evidence of what, if any, repairs were carried out to the oil leak between the two tests.

What is clear from the vehicle health check, and accompanying video, is that a front exhaust sleeve was fitted but not installed correctly, and an excessive oil leak from the engine remained present. Additionally, brake calipers had been fitted incorrectly and found to be twisted.

Overall, having considered all the available evidence, I note the car had a history of oil leaks with an excessive oil leak being recorded from the same area only two months prior to Mr and Mrs W acquiring the car. The chain that drives an oil pump is lubricated by the engine oil, so it's reasonable to conclude an excessive oil leak would likely impact the performance and durability of the oil pump. The oil pump seems to have failed prematurely despite Mr and Mrs W maintaining the oil level and not missing a service while the car was in their possession. And the evidence shows previous poor repairs to components noted as requiring work within the previous MOTs.

Based on the above, I'm persuaded that, on balance, it's more likely than not the car was supplied to Mr and Mrs W with a poor service history and failed repairs to an existing oil leak, causing premature failure of the oil pump. So, I consider the car wasn't sufficiently durable and therefore not of satisfactory quality when it was supplied to Mr and Mrs W.

Putting things right

Having determined the car wasn't of satisfactory quality when it was supplied to Mr and Mrs W, I've next considered what FRF should do to put things right.

Outside of the first 30 days of the agreement, the CRA says a consumer has a right to reject if the goods do not conform to contract after one repair or replacement. The CRA is clear that, if the single chance at repair fails, then the customer has the right of rejection. It also says where a consumer requires the trader to repair or replace the goods, this must be done within a reasonable time and without significant inconvenience.

Here, FRF had an opportunity to inspect the car when Mr and Mrs W first reported the issue to them in October 2024. I understand FRF believes it was Mr and Mrs W's responsibility to obtain evidence to prove the faults were present or developing at point of supply. However, I don't think a reasonable person would expect an excessive oil leak from the engine and broken oil pump so soon after acquiring a car and having only travelled 3,600 miles in it. As the CRA sets out the expectation that goods will be sufficiently durable, I don't think it's unreasonable to have expected FRF to have done more to assist Mr and Mrs W to determine the likely cause of the failure in these circumstances - especially given the car's history of oil leaks and the evidence of previous poor repairs.

With this in mind, I find rejection of the goods to be a fair remedy here. For the reasons set out above, I'm persuaded it's more likely than not the car was of unsatisfactory quality when it was supplied and wasn't repaired within a reasonable amount of time.

It's my understanding that Mr and Mrs W abandoned the car and stopped making payments towards the agreement, so the car has been collected by FRF. FRF should now end the agreement with nothing further for Mr and Mrs W to pay, including any storage or collection

costs incurred by FRF. FRF should also remove any adverse information from Mr and Mrs W's credit file, and the agreement should be marked as settled in full, or something similar, and should not show as voluntary termination.

Mr and Mrs W say the car broke down in September 2024, after which it was off the road. I've considered that there is limited evidence of when Mr and Mrs W stopped using the car, and they didn't contact FRF until October 2024. However, the contact notes do show they'd been in touch with the dealership and other garages for help prior to contacting FRF. And the vehicle health check video taken in November 2024 confirmed the car had been standing still for quite a while. So, I'm persuaded Mr and Mrs W's testimony is plausible that they stopped using the car in September 2024.

As the car was off the road due to it being of unsatisfactory quality when it was supplied, FRF should refund any payments made towards the agreement from September 2024 to reflect loss of use, minus any arrears accrued in the months prior.

Mr and Mrs W also say they incurred a fee of £350 to recover the car, which should be refunded on receipt of an invoice and proof of payment.

Interest should be added to all refunded amounts, calculated at 8% simple per year from the date of payment until the date of settlement.

Lastly, I've considered that Mr and Mrs W have been inconvenienced by the breakdown of the car, after which they were left without a car for their usual daily travel. I therefore think FRF should pay Mr and Mrs W £200 compensation in recognition of the distress and inconvenience caused over a significant period of time by being supplied with a car that wasn't of satisfactory quality.

I understand Mr and Mrs W have experienced further distress caused by the letters they've received from FRF regarding the arrears. However, I'm satisfied they were advised by our Investigator that these were automatic notices that FRF were unable to prevent from being sent, and assured them that FRF were not actively chasing them for payment while their complaint was being considered by this service.

My final decision

For the reasons explained, I uphold Mr and Mrs W's complaint about First Response Finance Limited and direct them to:

- End the agreement with nothing further for Mr and Mrs W to pay.
- Refund any monthly payments made towards the agreement from September 2024, minus any pre-dating arrears.
- Refund the cost incurred by Mr and Mrs W to recover the car, on receipt of supporting evidence and proof of payment.
- Pay 8% simple yearly interest on all refunded amounts - calculated from the date of payment to the date of the refund†.
- Pay Mr and Mrs W £200 compensation for the distress and inconvenience caused.
- Remove any adverse information recorded on Mr and Mrs W's credit file.

†If FRF considers that tax should be deducted from the interest element of my award, they should provide Mr and Mrs W with a certificate showing how much they have taken off so they can reclaim that amount, if they are eligible to do so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W and Mr W to accept or reject my decision before 4 December 2025.

Nicola Bastin
Ombudsman