

## The complaint

Mr M complains about a car Zopa Bank Limited (“Zopa”) supplied to him under a hire purchase agreement wasn’t of satisfactory quality.

## What happened

In September 2023 Zopa supplied a car to Mr M under a hire purchase agreement. It was about seven years old and had done around 72,000 miles at the point of supply.

On the day Mr M collected the car he said he noticed a grinding noise coming from the vehicle whilst driving it. On 5 October 2023 the car was returned to the dealership and repairs were carried out to the rear differential, this was at no cost to Mr M. The vehicle was returned to Mr M and Zopa apologised for the inconvenience caused along with a refund equivalent to six weeks’ worth of instalments to reflect the time Mr M didn’t have the car.

In early January 2024 Mr M said he experienced issues with the car whilst driving and the car cut out. Mr M said he was stranded for hours and then arranged for the car to be picked up and recovered to a third-party garage. He says he was told there was an issue with the engine, and it would need to be replaced.

On 7 January 2024 Mr M got in touch with both the dealership and Zopa regarding the issues with his car. He mentioned that he had to arrange for the vehicle to be returned to the dealership at his own expense. Zopa responded, stating that the dealership believed the problem was due to a failed injector and needed further inspection. However, since Mr M’s warranty had expired, it would not cover the repair costs.

Zopa arranged for an independent inspection of the car in February 2024. The mileage at the time was 75,231 but unfortunately the inspection couldn’t be carried out as the engine didn’t start. The report went on to say:

*‘Unfortunately, without a definitive identification of the current fault and a determination that there is no drive on damage it is not possible to give a definitive correlation with the condition at the point of sale.’*

Zopa sent its final response letter on 14 February 2024, it didn’t uphold the complaint and said the issue with the injectors was due to wear and tear and not linked to the initial repairs carried out in October 2023. So, it wasn’t responsible for the repairs. Mr M agreed to have the repairs to the injectors carried out and paid £1486 for them to be replaced.

Days after the repairs were complete, Mr M went to pick up the vehicle, unfortunately the car was still experiencing issues and began to fade. Mr M then had the car recovered to a third-party garage who undertook a diagnostic. It told Mr M the noise from the engine was failed bottom end bearings, the noise was a sign that the engine was about to seize. They suspected the damage to the crankshaft would be beyond economic repair for a rebuild and the cost to replace the engine would be in the region of £10,000.

Mr M sent this to Zopa for consideration who forwarded it on to its third-party inspector. But it

remained of the same stance, it couldn't give a definitive diagnosis but said the diagnosis sounded logical with a reasonable method of repair.

Mr M brought his complaint to this Service. One of our Investigator's looked into things and upheld the complaint. She thought the car wasn't of satisfactory quality and questioned its durability. She recommended, amongst other things that Zopa was to end the agreement and compensate Mr M for his losses, as well as compensation for the distress and inconvenience suffered. Zopa asked for the opportunity to arrange for a further inspection, but our Investigator didn't think it was appropriate under the circumstances.

I issued a provisional decision on 13 March 2025, where I explained my intention to uphold that complaint. In that decision I said:

*The hire purchase agreement entered by Mr M is a regulated consumer credit agreement and this Service is able to consider complaints relating to it. Zopa is also the supplier of the goods under this type of agreement and responsible for a complaint about its quality.*

*The Consumer Rights Act 2015 (CRA) covers agreements like the one Mr M entered. Because Zopa 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 the age and mileage of the car and the price paid.*

*The CRA also says that the quality of goods includes the general state and condition, and other things such as its fitness for purpose, appearance and finish, freedom from minor defects and safety can be aspects of the quality of the goods. Satisfactory quality also covers durability.*

*Having considered what the CRA sets out about durability, the expectation here is that goods will last for a reasonable amount of time. Mr M acquired a used car that was about seven years old and had travelled around 72,000 miles. The price of the car was not insignificant and was about £14,000. I accept that it is reasonable for a used car of this age and mileage to show signs of wear and tear and this will be reflected in the price of a used car, when compared to how much it would have cost new. But just because the car was used with some mileage, doesn't mean that Zopa has no requirements in relation to satisfactory quality, or more specifically durability.*

*In this case I'm more than satisfied than not that the failure of the engine is not a fair wear and tear issue, as I'm satisfied it's a key component in the car that should be reasonably expected to last the lifetime of the car. Exactly what the lifetime of a car is will vary depending on a variety of things, and it is difficult to put an exact expectation that would be applicable in every case.*

*Here, the engine failed and requires replacement at around 75,000 miles. Mr M purchased the car for a substantial amount, and I don't consider a reasonable person would expect a car to suffer an engine failure within four months of purchasing the car. Further, I think this would be considered a premature failure by a reasonable person. And I am more persuaded than not that this demonstrates the car, or more specifically the engine and its components were likely not to have been sufficiently durable.*

*And because of this, I am satisfied that when considering the requirements of the CRA around durability, the car was not sufficiently durable, and consequently, the car was not of satisfactory quality when supplied to Mr M.*

*I have considered what Zopa has said about having the opportunity to have the vehicle*

*inspected again to determine the cause of the engine failure, but like our Investigator I do not consider that necessary. It is clear the engine has failed, and in my view prematurely. Any inspection would also need to likely remove and/or strip the engine to gain access to the internal engine components. This would be costly and take time and is likely to tell us nothing that is not already known, i.e. the engine failed prematurely.*

*Zopa advised Mr M that if he could provide evidence showing the engine failure was not caused by the injectors, he should provide it. Mr M has since submitted evidence demonstrating that the engine failed even after the injectors were replaced and that the issue was actually due to a fault with the crankshaft bearings. This suggests that the injectors were unlikely to be the cause of the engine failure. Additionally, an independent garage informed Mr M that the engine was already seizing before the dealership diagnosed injector problems and continued to fail after the injectors were repaired. Based on this I am persuaded that the injectors were not the root cause of the engine failure.*

*As I have concluded that the failure is not caused by the injectors and as I think on balance, the car was not of satisfactory quality, I will now consider what is required to put things right.*

### **Putting things right**

*From the information I have, Zopa has already had its one chance to repair the car and as it didn't make the car of satisfactory quality and considering all other aspects of this complaint, I think it is fair for Zopa to:*

- *Take back the car and cancel the hire purchase agreement with nothing further owed.*
- *Remove any adverse information from Mr M's credit file.*
- *Mr M should receive a refund of the £99 deposit paid at the outset.*
- *As he hasn't been able to use the car since January 2024 any repayments to the hire purchase agreement since January 2024 should also be refunded to the date of settlement.*

*The car has remained at the dealership since it experienced engine failure, and Mr M is being asked to pay the storage fees. I don't think Mr M should bear this cost. As I've said, I don't think the car supplied to Mr M was of satisfactory quality. Had it been the car wouldn't have been left at the dealership for as long as it was, and no storage fees would have been payable. Overall, I'm not persuaded Zopa can fairly say Mr M is responsible for the storage fees, so I think it should:*

- *Pay the third-party garage storage fees and liaise with the dealership about these costs. If Mr M has already paid these fees, it should refund Mr M accordingly. Zopa should not seek to recover this cost from Mr M.*

*Mr M has said he incurred other costs as well:*

- *Cost of recovering the car to the dealership in January 2024: £380*
- *Diagnostic and recovery of the car to the third-party garage: £290*
- *Unnecessary repair costs to the injectors: £1,486.*

*I think these costs were incurred as a result of Mr M being supplied with a car of unsatisfactory quality and so it would be fair and reasonable for Zopa to reimburse this cost to him. Zopa should also:*

- *Pay 8% simple yearly interest on all refunded amounts from the date of payment until*

*the date of settlement.*

*Mr M has been caused distress and inconvenience and this has had an impact on him. He's provided sufficient evidence to show he suffered with acute stress which he says was because of the issues with the car. He has also had the uncertainty of not knowing whether he'd have to pay significant repair and storage fees. I think there should be some recognition of what Mr M has been through. I think Zopa should:*

- *Pay Mr M £350 in recognition of the distress and inconvenience he's been caused.*

## **Responses**

Mr M agreed with my uphold decision.

Zopa replied and said it had nothing further to add that hasn't already been raised. But given the length of time since the complaint has been investigated (with this Service) it didn't think it was fair it had to bear the full cost of the storage charges.

## **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 appreciate what Zopa has said, and I've thought about this but unfortunately it doesn't change how I expect it to put things right. For reasons I've explained I don't think it'd be fair or reasonable to expect Mr M to pay the storage costs given these were incurred as a result of him being provided with a vehicle of unsatisfactory quality.

Further, the vehicle had experienced engine failure, requiring Mr M to remove the vehicle and store it elsewhere would've only caused further inconvenience to Mr M. And whilst the complaint has been with this Service a while, had Zopa supplied a car that was of satisfactory quality there wouldn't be any storage costs to consider. It should contact the supplying dealer and liaise with it about the costs incurred.

As such, I see no compelling reason why I shouldn't now adopt my provisional decision view as my final decision and ask Zopa to do something to put things right.

## **Putting things right**

From the information I have, Zopa has already had its one chance to repair the car and as it didn't make the car of satisfactory quality and considering all other aspects of this complaint, I think it is fair for Zopa to:

- Take back the car and cancel the hire purchase agreement with nothing further owed.
- Remove any adverse information from Mr M's credit file.
- Mr M should receive a refund of the £99 deposit paid at the outset.
- As he hasn't been able to use the car since January 2024 any repayments to the hire purchase agreement since January 2024 should also be refunded to the date of settlement.

The car has remained at the dealership since it experienced engine failure, and Mr M is being asked to pay the storage fees. I don't think Mr M should bear this cost. As I've said, I don't think the car supplied to Mr M was of satisfactory quality. Had it been the car wouldn't

have been left at the dealership for as long as it was, and no storage fees would have been payable. Overall, I'm not persuaded Zopa can fairly say Mr M is responsible for the storage fees, so I think it should:

- Pay the third-party garage storage fees and liaise with the dealership about these costs. If Mr M has already paid these fees, it should refund Mr M accordingly. Zopa should not seek to recover this cost from Mr M.

Mr M has said he incurred other costs as well:

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- Pay Mr M £350 in recognition of the distress and inconvenience he's been caused.

### **My final decision**

For the reasons I've explained I uphold this complaint and direct Zopa Bank Limited to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 16 April 2025.

Rajvinder Pnaiser  
**Ombudsman**