

The complaint

Mr C complains about the quality of a car he acquired under a hire purchase agreement with Black Horse Limited trading as Land Rover Financial Services (LRFS).

When I refer to what Mr C has said and what LRFS have said, it should also be taken to include things said on their behalf.

What happened

In July 2022, Mr C entered into a hire purchase agreement with LRFS to acquire a used car first registered in September 2017. At the time, the car had travelled around 25,569 miles. The cash price of the car was around £44,134. There was a deposit of approximately £6,442 and the total amount payable was around £55,124. The agreement's duration was 49 months consisting of first payment of £500, then 47 monthly repayments of around £500, followed by a final repayment (which included payment of the purchase fee of about £24,662.

Mr C said he had repeated problems with the car. He said he first reported an engine management fault which, when diagnosed, was a problem with the AdBlue system. He said that on another occasion he had a problem with a fuel valve, which was fixed. A few weeks later, the car started shuddering badly and there was a leak from the rear tailgate. Mr C said most of these were replaced under warranty or as a goodwill gesture of the dealership, but he had to purchase tyres at a cost of £521 as the car was shuddering. He said he paid for this as this was a wear and tear issue, but later it transpired that it was not a tyre issue, but instead a faulty prop shaft, which is now on back order as it was out of stock. Mr C said that during all the repairs he had several different courtesy cars, and the last courtesy car he was given was a lesser value car than the one he acquired.

Mr C said that he is out of pocket £521 for two tyres the car did not need, had no use of the car since October 2023, and has not received any updates of when he might receive the car back. So, he said he made the decision at the end of November 2023 to return the courtesy car and hand back all his car's documentation with the spare key. And, he said, the only correspondence he received since, is LRFS contacting him for payments on the car he no longer had. Mr C believes that he should be refunded £521 for the two tyres, be compensated for the inconvenience caused, and for paying £1,000 over the two months for a car he didn't have use of. Plus, he said, he does not want the car returned to him. He also wants the outstanding finance cancelled and his credit file cleared.

In November 2023, LRFS wrote to Mr C. In this correspondence they said they are not upholding his complaint because the evidence they hold shows that the faults were not present or developing at the point of sale.

They have said they considered the faults below (which I have listed in date order):

- July 2022: Amber warning light - various warning lights;
- August 2022: Amber warning light - other faults;
- December 2022: Car will not start;
- May 2023: Engine Management Light (EML) - amber warning;

- May 2023: EML – fuel valve sticking;
- June 2023: EML – AdBlue problem;
- July 2023: EML – Amber warning;
- July 2023: Retractable steps – an intermittent fault with the retractable step sometimes stick out when driving (Mr C said this has been happening since he acquired the car);
- July 2023: Back driver's door handle – sticks out and does not go back in;
- July 2023: Sensor fault;
- August 2023: Car shuddering – Mr C paid £521 to replace the tyres, but the car was still shuddering;
- August 2023: Back window leak – dealership made a repair, but Mr C said the issue has not been resolved;
- August 2023: EML – fuel valve & AdBlue;
- September 2023: Window leak;
- September 2023: Vibrating and shuddering;
- October 2023: Car came back in, as the tires didn't resolve the issues;
- October 2023: Prop shaft fault.

In their correspondence, LRFS said they were unable to investigate some of the issues as, they said, they could not get some of the information from some of the car's manufacturers dealerships without Mr C's permission and because the pictures Mr C provided to them were blurry. LRFS concluded that since acquiring the car Mr C covered 11,431 miles and that some faults were experienced in July and August of 2022, but they have not been provided with diagnostic reports or evidence that would support that those faults were present at the point of sale or that what were the root causes of those issues. They also said that there are no records of Mr C raising these faults until August 2023: the faults with the retractable steps, back driver's door handle, and with the faulty sensor, so they said these fall outside of their liability. Overall, LRFS concluded that they made their decision on the fact that they have received no mechanical evidence to suggest any of the faults Mr C raised were present or in a state of development at the point of delivery.

Mr C was not happy, so he referred his complaint to Financial Ombudsman Service (Financial Ombudsman).

Our investigator was of the opinion that the car was of satisfactory quality when it was supplied, so the investigator did not think it would be fair to ask LRFS to do anything more to resolve Mr C's complaint.

Mr C disagreed with the investigator. So, the complaint has been passed to me to decide.

After reviewing the case, I issued a provisional decision on 10 March 2025. In the provisional decision I said:

“What I've provisionally 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.

Where evidence is unclear or in dispute, I reach my findings on the balance of probabilities – which is to say, what I consider most likely to have happened based on the evidence available and the surrounding circumstances.

In considering what is fair and reasonable, I need to take into account the relevant rules, guidance, good industry practice, the law and, where appropriate, what would be considered to have been good industry practice at the relevant time. Mr C acquired the car under a hire

purchase agreement, which is a regulated consumer credit agreement. Our service can look at these sorts of agreements. LRFS is the supplier of the goods under this type of agreement and is responsible for dealing with complaints about their quality.

The Consumer Rights Act 2015 covers agreements such as the one Mr C 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. I think in this case those relevant circumstances include, but are not limited to, the age and mileage of the car and the cash price. 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 C's case the car was close to being five years old, at the time of acquisition had travelled around 25,569 miles, and the total cash price was around £44,134. I would have different expectations of it compared to a brand-new car. As with any car, there is an expectation that there will be ongoing maintenance and upkeep costs. There are parts that will naturally wear over time, and it is reasonable to expect these to be replaced. And with second hand cars, it is more likely parts will need to be replaced sooner or be worn faster than with a brand-new car. So LRFS would not be responsible for anything that was due to normal wear and tear whilst in Mr C's possession. But given the age, mileage and price paid, I think it is fair to say that a reasonable person would have high expectations of it and would expect the quality of the car to be of a higher standard than a car which is more road worn or has a lower price. Also, I think a reasonable person would expect it to be free from defects for a considerable period of time.

In summary, LRFS, do not believe that Mr C should be able to reject the car because, they said, Mr C has not raised certain faults for a very long time, was able to drive the car for about 11,000 miles, and, overall, they do not feel that the faults were present or developing at the point of sale.

Mr C, in summary, thinks that due to all the issues he has experienced with the car, he should be entitled to reject it.

The CRA sets out that Mr C has a short term right to reject the car within the first 30 days, if the car is of unsatisfactory quality, not fit for purpose, or not as described, and he would need to ask for the rejection within that time. Mr C would not be able to retrospectively exercise his short term right of rejection at a later date.

The CRA does say that Mr C would be entitled to still return the car after the first 30 days, if the car acquired was not of satisfactory quality, not fit for purpose, or not as described, but he would not have the right to reject the car until he has exercised his right to a repair first – this is called his final right to reject. And this would be available to him if that repair had not been successful.

So, bearing the above in mind I first considered if there was a fault with the car. And from the evidence on file there seems to have been many faults:

- July 2022: Amber warning light;*
- August 2022: Amber warning light;*
- December 2022: Car will not start;*
- May 2023: Engine Management Light (EML) - amber warning;*
- May 2023: EML – fuel valve sticking;*
- June 2023: EML – AdBlue problem;*

- July 2023: EML – Amber warning;
- July 2023: Retractable steps – an intermittent fault with the retractable step sometimes stick out when driving;
- July 2023: Back driver's door handle – sticks out and does not go back in;
- July 2023: Sensor fault;
- August 2023: Car shuddering;
- August 2023: Back window leak;
- August 2023: EML – fuel valve & AdBlue;
- September 2023: Window leak;
- September 2023: Vibrating and shuddering;
- October 2023: Prop shaft fault.

Some have already been repaired, but others were still outstanding at the time Mr C left the car at a dealership in October 2023. But, just because there are, or there were faults found with the car, does not automatically mean the car was not of satisfactory quality at the point of supply. So, I've gone on to consider if the car was of satisfactory quality when it was supplied to Mr C.

I know LRFS said Mr C had travelled approximately 11,000 miles in the car since the inception of the finance agreement. And, they said, that even though some faults were experienced early on in July and August of 2022, they have not been provided with diagnostic reports or evidence that would support that those faults were present at point of sale, or that they were the root cause of the issues. They also said that regarding the faults with the retractable steps, back driver's door handle sticking out, and the faulty sensor there are no records of Mr C raising these faults until August 2023, so, they said, these faults are outside of their liability. Overall, they do not feel that Mr C should be allowed to reject a six-year-old used car, especially as they have not received any mechanical evidence to suggest any of the faults raised by Mr C were present or in a state of development at the point of delivery.

I agree with LRFS that we do not have enough evidence to see what the root cause of the issues were regarding the early faults with EML lights (July and August 2022) and the car not starting (December 2022). And I agree with LRFS that considering the car's age and the fact that Mr C travelled a reasonable number of miles, most likely, some of the issues alone would not make the car of unsatisfactory quality. But, I think, the sheer number of issues Mr C experienced over time do. Within 14 months of acquiring the car:

- On one occasion the car would not start;
- It had issues with the fuel valve;
- It had to have the AdBlue tank, pipes, and control unit replaced;
- It had an intermittent fault with the retractable steps sometimes sticking out when driving;
- It's back driver's door handle was sticking and not retracting;
- It had fault with a sensor;
- It had vibrations and shuddering while driving;
- It had a window leak; and
- It had a fault with the prop shaft.

So, I think that most likely the sheer number of issues do make the car of unsatisfactory quality, because I do not think the price paid and the mileage travelled reflect the fact that so many issues needed addressing and/or required repairs done to them. And considering the mileage of the car when supplied, combined with when the faults first became apparent, I think most likely a reasonable person would not consider the car to be of satisfactory quality when supplied. When arriving at this conclusion I have also considered that a reasonable person would not expect a car which travelled less than 37,000 miles to have problems with

the AdBlue system or with the prop shaft. Considering how long those parts should normally last, I'm persuaded that, more likely than not, the car would not be considered reasonably durable due to the faulty AdBlue system and the prop shaft. I think, considering the specific circumstances of this particular case, this most likely would render the car of unsatisfactory quality.

I agree with LRFS that it would have been beneficial to know more about the root causes of some of these problems. But I think they were not faulty due to Mr C's actions or negligence, or due to wear and tear as I think otherwise the dealerships would, most likely, not have agreed to fix these under warranty.

I have considered whether it would be fair for Mr C to be able to reject the car at this stage or would a repair be a fair option. But I have considered that the car has been already in for several repairs and even more than once for some of the repairs such as for the faults with vibrating and shuddering. Also, due to the amount of time that has passed, I do not think a repair would be fair and reasonable. So, I think Mr C should be allowed to reject the car. As such, the hire purchase agreement should be cancelled with nothing further to pay and LRFS should collect the car at no further cost to Mr C.

They should remove any adverse information from Mr C's credit file. The credit agreement should be marked as settled in full on his credit file, or something similar, and should not show as voluntary termination.

I have also considered that Mr C has been able to use the car, so I think it is reasonable he pays for this use, so LRFS can keep any payment he has made up until he stopped using the car in October 2023. But LRFS should refund any payments he made from that date onwards. LRFS should also refund any advance payment Mr C directly made himself towards the finance agreement.

Mr C thinks that he should be reimbursed for the two tyres that he purchased. But I have not seen enough evidence to say that, most likely, LRFS is responsible for the tyres. I do not know what thread was remaining on the tyres at the point of supply, but a few months prior to Mr C acquiring the car it had an MOT and about a year later it again had another MOT. Neither MOT mentioned issues with the thread of the tyres. As such, I think most likely, the tyres were within the allowed safety standard at the time of supply. I also considered that the tyres are a wear and tear item, and, at the time the tyres were replaced, Mr C had travelled a reasonable number of miles from the point of sale. So, I do not think it would be fair for LRFS to be responsible for the replacement of tyres.

During the time the car was being repaired Mr C was provided with courtesy cars. I know that Mr C was not happy with all of these courtesy cars, but I do not think this is something I can reasonably hold LRFS responsible for because Mr C was not communicating with them for a long time to let them, or the supplying dealership, know of the issues he was experiencing with the car, so they had no involvement in this process.

I also considered that this matter has caused Mr C significant distress and inconvenience while trying to resolve it. Mr C had to take the car back for repairs on several occasions. I think, he would not have to do so, had LRFS supplied him with a car that was of a satisfactory quality. Overall, I think LRFS should pay him £300 in compensation to reflect the distress and inconvenience caused.

My provisional decision

For the reasons given above, I intend to uphold this complaint and direct Black Horse Limited trading as Land Rover Financial Services to:

1. *End the hire purchase agreement with nothing further to pay;*
2. *Collect the car from wherever it is located at no cost to Mr C;*
3. *Refund any advance payment Mr C directly made himself towards the finance agreement;*
4. *Refund any payments Mr C made towards the finance agreement from October 2023 onwards;*
5. *Add 8% simple interest per year to all refunded amounts, from the date of each payment to the date of settlement;*
6. *Pay Mr C £300 for the distress and inconvenience caused;*
7. *Remove any adverse information recorded on Mr C's credit file in relation to this credit agreement. The credit agreement should be marked as settled in full on his credit file, or something similar, and should not show as voluntary termination.*

If Black Horse Limited trading as Land Rover Financial Services considers that tax should be deducted from the interest element of my award, they should provide Mr C with a certificate showing how much they have taken off so he can reclaim that amount, if he is eligible to do so."

I asked both parties to provide me with any additional comments or information they would like me to consider by 24 March 2025.

Mr C and LRFS both accepted my provisional 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.

I've also considered again my provisional findings. Having done so and considering neither Mr C and LRFS had any further information or comments to make, I see no reason to reach a different conclusion to what I reached in my provisional decision (copied above).

My final decision

For the reasons given above, and in my provisional decision, I direct Black Horse Limited trading as Land Rover Financial Services to:

1. End the hire purchase agreement with nothing further to pay;
2. Collect the car from wherever it is located at no cost to Mr C;
3. Refund any advance payment Mr C directly made himself towards the finance agreement;
4. Refund any payments Mr C made towards the finance agreement from October 2023 onwards;
5. Add 8% simple interest per year to all refunded amounts, from the date of each payment to the date of settlement;
6. Pay Mr C £300 for the distress and inconvenience caused;
7. Remove any adverse information recorded on Mr C's credit file in relation to this credit agreement. The credit agreement should be marked as settled in full on his credit file, or something similar, and should not show as voluntary termination.

If Black Horse Limited trading as Land Rover Financial Services considers that tax should be deducted from the interest element of my award, they should provide Mr C 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 C to accept or reject my decision before 23 April 2025.

Mike Kozbial
Ombudsman