

The complaint

Mr C is complaining about the quality of a vehicle supplied to him by Specialist Motor Finance Limited (SMF).

What happened

In September 2023, Mr C entered into a hire purchase agreement with SMF to acquire a car. The agreement states the deposit was £1,000 and Mr C borrowed £11,995 – the cash price of the vehicle was £12,995. The agreement required Mr C to make 54 monthly payments of £367.40 and a final payment of £377.40 (including an optional £10 fee if he wanted to keep the vehicle).

In January 2024, Mr C complained to SMF, saying that the car supplied to him wasn't of satisfactory quality as the turbo had developed a fault. SMF upheld the complaint. Their response in April 2024 said that the defect had arisen within six months of supply and therefore was deemed to have been inherent at the time of sale. They said they'd arranged for repairs to be completed by the dealership, via the finance broker.

Mr C complained to our service in April 2024, saying the car had been at the garage for a long time. He said he'd been paying monthly finance for a car he couldn't use and in addition he'd had to pay for a hire car at times and also borrowed cars from friends because he'd not been given a courtesy car. He said he wasn't doing well financially and no longer wanted to keep the car.

Mr C later updated us and let us know that the car had been repaired.

One of our Investigators looked into Mr C's complaint. He upheld the complaint, saying that SMF should reimburse Mr C for the loss of use he'd had of his car while it was being repaired. He said he hadn't seen any evidence that Mr C had incurred additional costs so couldn't say SMF should pay these. Mr C accepted our Investigator's view but SMF didn't respond. So the complaint needed an Ombudsman's decision. Before that happened, Mr C said he was having more problems with the car and reiterated that he wanted to reject it. But he didn't provide any further information or evidence, so the complaint came to me for a decision.

I issued a provisional decision on 17 March 2025, saying I broadly agreed with our Investigator but I thought SMF should do more to settle the matter. Mr C accepted my provisional decision, and SMF didn't respond. So my final decision is unchanged from what I set out in my provisional decision – and it's repeated below.

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.

The agreement in this case is a regulated consumer credit agreement. As such, this service is able to consider complaints relating to it. SMF were the supplier of the goods under this agreement and are therefore responsible for a complaint about their quality.

The Consumer Rights Act 2015 (CRA) is of particular relevance to this complaint. It says that under a contract to supply goods, there is an implied term that “*the quality of the goods is satisfactory*”. To be considered satisfactory, the CRA says the goods need to meet the standard that a reasonable person would consider satisfactory, taking into account any description of the goods, the price and other relevant circumstances.

In their response to Mr C’s complaint, SMF acknowledged the car wasn’t of satisfactory quality when it was supplied. So there’s no dispute over this.

The CRA says that a supplier must be given one chance to repair or replace goods before a consumer can reject them. So I can’t say SMF should have allowed Mr C to reject the car instead of repairing it. And I’ve seen no evidence that any further issues Mr C’s had with the car were present or developing at the point of supply. So I’ve seen nothing to suggest SMF should allow Mr C to reject the vehicle.

The CRA does say that a supplier should carry out repairs within a reasonable time and without significant inconvenience to the consumer. I’m not persuaded that’s been done here. Mr C has told us he didn’t have a courtesy car while the repairs were carried out. And SMF haven’t disputed this. He’s also said the car was with the dealership for three and a half months. Although I haven’t seen evidence of exactly how long the dealership had the car, I’m satisfied Mr C has been significantly inconvenienced by not having the car. And I’m satisfied the repairs weren’t carried out within a reasonable time. So I think SMF need to reimburse Mr C for this.

Putting things right

When thinking about putting things right, I need to think about the position Mr C would have been in if things hadn’t gone wrong. As I’ve set out above, I think SMF supplied Mr C with a car that was unsatisfactory. Although they’ve now repaired the car the process has taken a long time and caused Mr C significant inconvenience. So it’s right that SMF should compensate Mr C for this.

The evidence I’ve seen isn’t enough to know exactly how long Mr C was without his car. He’s told us it was three and a half months, but I’m not persuaded it was quite as much as that. When he brought his complaint to us on 17 April 2024, he said the car had been at the garage for nine weeks. That suggests it went into the garage around 13 February 2024. SMF’s system notes suggest it was still with Mr C on 17 January 2024. They also show the car was inspected at the dealership on 29 February 2024, but there’s nothing in between those two dates. The mileage figures on various documents show that Mr C drove the car around 2,000 miles per month between 28 September 2023 and 10 January 2024, and the car had travelled a further 1,875 miles by the time it was at the dealership. So this suggests the car was taken to the dealership around a month after 10 January 2024. That’s broadly consistent with the 13 February date that was nine weeks before Mr C brought his complaint to us.

The system notes say that the vehicle was being repaired in the week of 1 May 2024 – they say a new turbo had been sourced as the old one wasn’t able to be fixed. It’s not clear when Mr C got the car back. He told us on 10 June 2024 that repairs had been completed, but I think it’s likely he’d had the car back some time before that.

On balance, I think it’s likely Mr C was without the car from early February to early May – a period of around three months. So I think SMF should refund all of Mr C’s payments for those three months, together with interest on those payments from the date of each payment to the date of settlement.

Mr C's said he had to borrow and hire cars for this period and incurred costs in doing so. But he's not provided evidence of these costs, and I'd ordinarily say SMF should only reimburse any reasonable excess of those costs over the loss of use refund. So I don't think SMF need to pay anything further to Mr C to cover those extra costs.

However, it's clear Mr C has experienced distress and inconvenience as a result of the unsatisfactory quality of the car. He's told us he made calls every day for weeks and it's clear he's had to contact several different parties to try to get the matter resolved – he first took the car to a mechanic and then has had to deal with the finance broker, dealership and SMF. And it's been frustrating for him to be without the car and to have to borrow from friends when he could no longer afford to hire a car himself. I think SMF should pay him £200 to compensate him for the distress and inconvenience he's suffered.

Mr C's also said he's struggled financially and no longer wants to keep the car. I've seen he's discussed some exit options with SMF. I'd remind SMF of their obligation to treat Mr C with due consideration and forbearance. But, from the evidence I've seen, I can't say they need to allow Mr C to reject the car.

My final decision

As I've explained, I'm upholding Mr C's complaint. Specialist Motor Finance Limited need to:

- Refund to Mr C his payments for February, March and April 2024 together with simple interest at 8% per year on those payments, calculated from the date of each payment to the date of settlement; and
- Pay Mr C £200 to reflect the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 28 April 2025.

Clare King
Ombudsman