

The complaint

Mr A has complained about the quality of a car provided on finance by Lloyds Bank PLC.

What happened

Both parties are familiar with the events, so I'll briefly summarise them here.

Lloyds supplied Mr A with a used car on a hire purchase agreement in September 2023. The cash price of the car was around £27,000 and it had covered around 88,000 miles since first registration in November 2017. The hire purchase agreement required payments of around £525 for 60 months.

Mr A said the car went back and forth to the dealer for many months and at one time it was in the garage for over seven weeks. He said the car went into limp mode with multiple service lights appearing and the engine management light.

Mr A said that the car had many repairs including new injectors, but when he got the car back the faults remained. The car broke down while at speed on a dual carriageway with the dashboard lit up. Mr A returned to the selling dealer but said it wasn't interested so he went to an independent garage.

The independent garage told Mr A that he needed a new gearbox and engine. He said the warranty didn't cover the amount needed but there also needed to be a further assessment made by stripping the car down to get evidence which in itself was too costly.

In July 2024 Mr A complained to Lloyds that he'd been supplied a car that wasn't of satisfactory quality. The mileage at this point was around 100,000. Lloyds ultimately did not uphold the main part of his complaint, although it made an offer to pay for repairs to the washer pump and made an offer of £100 compensation for the inconvenience caused.

Mr A said he had to voluntarily terminate (VT) the agreement so he could get another car to get to work. He said the matter had caused stress and anxiety. He said that Lloyds ought to have pursued the selling dealer for a report, and it ignored the repairs that had been completed.

Mr A referred his complaint to our service and an investigator here looked at the complaint. He said that there wasn't sufficient evidence that there was a fault which made the car of unsatisfactory quality. He said that the offer was fair and didn't recommend that Lloyds needed to do anything further.

Mr A disagreed and in summary he said it wasn't a fair outcome. He said he understood higher mileage cars might need more attention for wear and tear, but they simply just don't blow up. He supplied an image of the car being recovered and said the recovery agent told him that the cable was meant to disengage the gearbox, but it just came off and that was not right, and it appeared to have been tampered with.

Mr A asked for the complaint to be reviewed by an ombudsman, so it's been passed to me.

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 read and considered the evidence submitted by both parties, but I'll focus my comments on what I think is relevant. If I don't comment on a specific point, it isn't because I haven't considered it, but because I don't think I need to comment in order to reach what I think is the right outcome. This is not intended as a discourtesy but reflects the informal nature of this service in resolving disputes.

Where the evidence is incomplete, inconclusive or contradictory (as some of it is here), I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

Firstly, I am very sorry to hear about the difficulties Mr A has described to this service. I can't imagine how he must feel but thank him for bringing his complaint.

The agreement in this case is a regulated consumer credit agreement. As such, this service is able to consider complaints relating to it. Lloyds is also the supplier of the goods under this type of agreement, and 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."

The CRA says the quality of goods are satisfactory if they meet the standard that a reasonable person would consider satisfactory taking into account any description of the goods, the price and all the other relevant circumstances. In a case involving a car, the other relevant circumstances might include things like the age and mileage at the time of supply and the car's history.

The CRA says the quality of the goods includes their general state and condition and other things like their fitness for purpose, appearance and finish, freedom from minor defects, safety, and durability.

When Mr A acquired the car in September 2023 the mileage was around 88,000 and the cash price was around £27,000. The car was first registered in November 2017, so by this stage it was nearly six years old. It wouldn't be unreasonable to expect the car to be showing some signs of wear and tear, and that might include the underlying components. There would be very different expectations of it than if it was a brand-new car. The price paid usually reflects the age and condition of the car.

As a starting point there would need to be some evidence of what the fault was. And secondly, that the fault renders the car of unsatisfactory quality.

Mr A told Lloyds there were faults with the car:

- The engine had seized requiring a new engine and gearbox
- Injector fault
- Washer pump fault

I don't think it is in dispute that there is evidence that there were faults with the car, some repairs were made under warranty, and ultimately the car failed and needed a significant repair.

I can understand Mr A is disappointed the car had such a significant problem, that wasn't cheap or easy to rectify. He'd had the car for around ten months before he told Lloyds it failed completely. But what I have to bear in mind is that just because I've seen there are faults with the car that manifested within a year, this doesn't necessarily mean the car wasn't of satisfactory quality when it was supplied to Mr A – which is what I need to decide. I'd need to see sufficient evidence the fault made the car of unsatisfactory quality when it was supplied to Mr A.

When something goes wrong with a car it isn't automatically something that the finance provider is responsible for. Sometimes the underlying components of a car suffer wear and tear which might mean that they come to the end of their serviceable lifespan during the course of a finance agreement.

Although Lloyds were the supplier of the car under the agreement, it was not aware that Mr A was experiencing any issues until he contacted it in July 2024. Lloyds is not responsible for the actions of the selling dealer in this case. Considering the description of the faults, the time that had elapsed since supply, and the mileage covered while the car was in Mr A's possession, unfortunately the onus was on Mr A to demonstrate that the car was inherently faulty.

The issue with the DPF, injectors and gearbox could be due to damage sustained during Mr A's possession of the car, or reasonably expected wear and tear, or even a failed repair, which wouldn't be Lloyds' responsibility. Or it could point to a defect that was present at the point of supply. We don't now have any way of establishing what was wrong which meant it needed those initial repairs.

I've not seen sufficient evidence to clearly say those faults made the car not of satisfactory quality. I've considered Mr A's testimony, the invoices, text messages, photos and emails, but I haven't seen anything else such as an independent report. The invoice from December 2023 that shows an expensive repair to the injectors and regeneration to the diesel particulate filter (DPF) is unfortunately inconclusive, as it doesn't give an opinion on what caused the issue. I also have to take into account that I don't have any information about the servicing history of the car or how Mr A maintained it. I appreciate that Mr A said that much of the mileage he covered was in going back and forth for repairs, but I still have to take into account the car had driven around a further 12,000 miles before it ultimately failed. I don't think the car would have been able to do that if it wasn't of satisfactory quality when it was supplied.

I'm not saying something definitely didn't go wrong, merely that I don't think it would have been unreasonable for Lloyds to have expected there to be more detailed supporting evidence for the faults and confirming that they were present or developing at the point of supply, or that the car wasn't sufficiently durable. It would be impossible for me to say now, even on the balance of probabilities, that there was an inherent fault or that the car wasn't sufficiently durable.

During its investigation I can see that Lloyds tried to make enquiries of all the parties that had seen the car. It wasn't able to get any further information from the selling dealer, and it couldn't force it to provide any evidence. And although it wasn't able to get what it needed for the most part, it was able to draw a conclusion about the washer pump. I think that was a fair conclusion given when the fault was reported and that there was an opinion on the durability of the part. So, I agree that part of the car wasn't of satisfactory quality, and a repair is a remedy set out in the CRA. So, I think its offer to pay for the repair with £100 compensation seems fair and reasonable. I can understand why Mr A might not have wanted to accept that though, considering it didn't resolve the bigger issue. If Mr A now

wants to accept that offer, he'll need to contact Lloyds to check if it is still available, as I don't think it would be fair to bind him to accept the decision in order to get that.

I understand that Mr A decided to VT the agreement and the car has been returned. I can't see that he's complained about that. But if he's unhappy about that he'll need to contact Lloyds to make a further complaint, as I'm not dealing with that in this decision.

I appreciate Mr A is unhappy he feels he's lost out. I'm sorry to disappoint Mr A, but without sufficient evidence of a fault which made the car of unsatisfactory quality, I find I don't have the grounds to direct Lloyds to do anything further.

Mr A doesn't need to accept my decision, and he'll be free to pursue the complaint by other means, such as through the court, after obtaining legal advice as necessary.

My final decision

My final decision is that Lloyds Bank PLC don't need to do anything further to resolve this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 8 August 2025.

Caroline Kirby
Ombudsman