DRN-5463948

The complaint

Mr L complains about a car supplied to him using a hire purchase agreement taken out with Startline Motor Finance Limited ("Startline").

What happened

In March 2024, Mr L acquired a used car using a hire purchase agreement with Startline. The car was around nine years old, the cash price of the car recorded was £8,095, the agreement was for 47 months, made up of 46 regular, monthly repayments of £242.45, followed by a final payment of £252.45, which included a £10 option to purchase fee. The mileage of the car was around 86,900 miles when it was acquired.

An extract of the car's advert which was published on a third-party website said it had a "FULL SERVICE HISTORY". The sales invoice for the car also said it had a "SERVICE HISTORY".

Within six months of acquiring the car, Mr L said he noticed issues with it. Among other things, Mr L said the car lost power intermittently on three occasions in early May 2024. Then, in August 2024, Mr L had issues with his gearbox.

Mr L took the car to be diagnosed and was told that the gearbox had likely failed and needed replacing. Mr L was charged £558.01 for the diagnosis and works carried out.

Mr L complained to both the supplying dealership and to Startline. Mr L said he couldn't resolve things directly with the supplying dealership as they only offered him, as a gesture of goodwill, to cover the cost of repairs that exceeded £3,000.

In October 2024, an independent inspection was carried out to the car. The car's recorded mileage was 94,000 miles. The report concluded that the fault with the car wasn't likely present or developing at the point of supply, due to the time and the miles the car had been driven since it was acquired. The report also said that the car's transmission had its own service interval in which the car's transmission oil and filter required replacement every 37,500 miles or 36 months (whichever came first). It said that if this hadn't been carried out, then it likely contributed or accelerated the wear.

Mr L disagreed with the findings of the independent inspection. He didn't think driving the car for approximately 7,000 miles was enough to conclude the fault wasn't present or developing at the point of supply. He didn't think the car was durable and he also was unhappy as he thought the car had been advertised with a full-service history, only to find out that the gearbox hadn't been serviced in line the manufacturer's guidelines.

Mr L referred his complaint to our service.

Startline issued their final response to Mr L towards the end of October 2024, where they explained why they didn't uphold his complaint. In summary, they said they relied on the findings of the independent inspection and thought the fault with the car wasn't present or developing at the point of supply.

Our investigator issued their view and upheld Mr L's complaint. In summary, he didn't think the car was as described and so thought Mr L could reject the car.

Mr L accepted the investigator's findings. Startline responded and said they disagreed with the outcome reached. In summary, they thought the issue with the car was because of wear and tear and they thought the car was supplied of satisfactory quality.

Our investigator clarified that the complaint being raised isn't in relation to whether the fault was present or developing at the point of supply. But rather that it wasn't as described, which meant it wasn't of satisfactory quality.

As Startline disagreed with the investigator's outcome, the complaint was 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'm upholding this complaint and I'll explain why below.

I'm aware I have summarised events and comments made by both parties very briefly, in less detail than has been provided, largely in my own words. No discourtesy is intended by this. In addition, if there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is a fair outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as an alternative to the courts.

Mr L complains about a car supplied to him under a hire purchase agreement. Entering into consumer credit contracts such as this is a regulated activity, so I'm satisfied I can consider Mr L's complaint about Startline.

When considering what's fair and reasonable, I take into account relevant law and regulations. The Consumer Rights Act 2015 ("CRA") is relevant to this complaint. The CRA says under a contract to supply goods, there is an implied term that "the quality of the goods is satisfactory".

The CRA says that 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. So it seems likely that in a case involving a car, the other relevant circumstances here would be things like the age and mileage at the time of sale and the car's history.

In this instance the car on a third-party website was advertised as holding a "*full service history*". Mr L has explained in general terms that he inferred this to mean that the car was serviced in line with the manufacturer's recommendations. I think this is a reasonable inference to have made in this instance.

I have reviewed the servicing schedule online on the manufacturer's website, specific to the car acquired. In summary, it says that the car is recommended to be serviced every year or 12,500 miles (whichever comes sooner).

I have also seen copies of service sheets from an authorised manufacturer garage. These show what jobs and checks would be carried out to the car for a three-year/37,500 mile or a six-year/75,000 miles service. One job to be completed during this service is:

"***Automatic transmission*** Renew fluid and filter*…"*

So, considering the above, I'm satisfied that, in order for a car to be serviced in line with the manufacturer's guidelines, it would need to be serviced every year or 12,500 miles (whichever came sooner), and that during it's third or sixth service, the fluid and filter to the automatic transmission would also need to be replaced.

It follows that I'm also satisfied that for a car to be described as having a "full service history", the above works and servicing would also need to be completed, as this is what the manufacturer recommends.

In this instance, Mr L said he was informed that the car hadn't been serviced in line with the manufacturer's recommended guidelines. Specifically, Mr L believes the car's automatic transmission wasn't correctly serviced. It's important in this instance as from diagnostics commissioned by Mr L, it seems the transmission is what has failed. It also isn't in dispute that there was a fault to the car in relation transmission.

In addition, an independent inspection report also concluded:

"*There is also an evident internal transmission fault.*

…

The transmission on this vehicle also has its own service interval, in which the DCT oil and filter require replacement every 37,500 miles or 36 months whichever comes first.

If this has not been undertaken, this has likely contributed or accelerated the wear."

So, having relied on the independent expert engineer's comments above, I'm satisfied that there is a fault to the car's transmission. And if the transmission hadn't been serviced correctly, it likely contributed or accelerated to its failure.

While I have noted that the independent report concluded that the fault with the car likely wasn't present or developing at the point of supply, due the time that had elapsed and the miles the car had driven, I'm mindful that the engineer wasn't aware of the full history of the car.

Mr L has provided some job sheets where servicing works were carried out to the car before it was acquired from him. Mr L also supplied photos of the servicing books, where stamps from various garages can be seen, and it shows the car was regularly serviced. However, I'm mindful that no recordings have been made on any of the information supplied that shows the transmission was serviced in line with guidelines. Worth noting is that from a service carried out in February 2021 at around 59,270 miles, there was an advisory note at the end of the service sheet which said:

"*Automatic gearbox fluid due 75,000 miles or 6 years*"

I have inferred from the comments above that a transmission service was due at 75,000 miles or six years. But from what I can see, the following two services in 2022 and 2023 (at 68,694 miles and 80,211 miles respectively) only show that an interim service was carried out. And no reference is made on the service sheet to a transmission service being completed. I also think that if a transmission service had been completed, it would have been documented on the relevant service sheet. So, considering the above, I'm satisfied that the car wasn't serviced in line with the car's recommended guidelines. And so, it follows, that I don't think the car had a full service history as advertised.

While I have noted that the independent report concluded that the fault with the car likely wasn't present or developing at the point of supply, due to the time that had elapsed and the miles the car had been driven, I'm mindful that the engineer wasn't aware of the full history of the car. I think, had the independent engineer been made aware that the car hadn't been serviced in line with its recommended guidelines, he would have likely reached a different conclusion on whether the fault with the car was present or developing at the point of supply.

But, in any event, as I'm satisfied the car wasn't as described as set out by the CRA, I'm satisfied the car wasn't of satisfactory quality when it was supplied to Mr L.

One of the remedies available to Mr L in circumstances like this is a rejection of the goods. In this instance and also thinking about the time that has passed and the opportunities Startline has had to put things right, I think a rejection of the car is a fair and reasonable remedy.

Mr L had regular use of the car up until when its transmission had failed in August 2024. So, I don't think Startline need to reimburse him his monthly repayments he had made whilst he had use of the car. However, since the car failed and was undriveable from August 2024, Startline should reimburse him any monthly repayments made up until when the agreement ends and the car is collected.

Similarly, Startline should also reimburse Mr L insurance premiums paid for the car from August 2024 onwards, if Mr L can show Startline evidence of payment made towards the cost of insuring the car. I say this because, had Startline accepted their liability when Mr L first complained about his issues with the car, then events that unfolded would likely not have occurred.

I also think it is fair that Mr L is reimbursed the cost he incurred in having the car diagnosed, which later revealed that the car wasn't serviced as it was described. Mr L has provided an extract of his bank statement which showed that he made a payment of £558.01 to a third-party garage on 13 August 2024. So, Startline should reimburse him this cost.

I'm also mindful of the impact this complaint has had on Mr L. Mr L in his submissions has explained that they had recently welcomed a new baby into their family, and this was the reason they acquired the car they had, and why they required a reliable car. The issue with the car meant they couldn't rely on it when required. Considering the above, Startline should pay Mr L £250 for the distress and inconvenience caused by this complaint.

My final decision

For the reasons I've explained, I uphold this complaint and I instruct Startline Motor Finance Limited to put things right by doing the following:

- End the agreement ensuring the customer is not liable for monthly rentals after the point of collection (it should refund any overpayment for these if applicable).
- Collect the car (if this has not been done already) without charging for collection.
- Reimburse Mr L monthly repayments made towards the agreement from when the car first presented faults in August 2024 to when the agreement ends and the car is collected. *

- Reimburse Mr L the cost incurred in insuring the car from August 2024 onwards. This should be paid to Mr L on production of evidence to Startline to show that payment was made by him. *
- Reimburse Mr L £558.01, which was the cost of the diagnostic test and works completed on the car and paid for on 13 August 2024. *
- Pay Mr L £250 to reflect the distress and inconvenience caused.
- Remove any adverse information from Mr L's customer's credit file in relation to the agreement, if any.

* These amounts should have 8% simple yearly interest added from the time of payment to the time of reimbursement. If Startline considers that it's required by HM Revenue & Customs to withhold income tax from the interest, it should tell Mr L how much it's taken off. It should also give Mr L a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue and Customs if appropriate.

If Startline has already given compensation in relation to this specific complaint, the final amount should be less the amount already given.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 20 August 2025.

Ronesh Amin
Ombudsman