DRN-5471367

The complaint

Mrs W complains about the quality of a car supplied to her by Oodle Financial Services Limited ("Oodle").

Mrs W has been represented by her partner throughout her complaint. For clarity, I've only referred to Mrs W in this decision.

What happened

Mrs W acquired a used car under a 60-month hire purchase agreement with Oodle in June 2024. The cash price of the car was £10,693. Under the agreement, Mrs W was required to make one payment of £315.54, followed by 58 payments of £265.54 and a final payment of £315.54. The total amount payable under the agreement, including the option to purchase fee, was £16,032.40. At the time the car was supplied to Mrs W, it was around seven years old and the mileage was recorded as 75,100. The car was supplied by a garage I'll refer to as "D" and it was delivered around two weeks after the hire purchase agreement was signed.

Around two weeks after Mrs W acquired the car, she contacted D and said a warning light appeared whilst she was driving which said there had been an engine failure and she needed to stop immediately. She said she had to pay for the car to be recovered. D advised Mrs W to make a warranty claim and it would provide a courtesy car – which it did. However, Mrs W said the courtesy car didn't have valid road tax. Mrs W told D she wanted to reject the car provided under the hire purchase agreement soon after.

Oodle issued its response to Mrs W's complaint in October 2024. It said it hadn't done anything wrong when it resolved Mrs W's complaint and it didn't find any issues with the service provided during a call conversation.

Unhappy, Mrs W referred a complaint to this service. She reiterated her complaint and said she wanted to reject the car as it had remained at a garage since it broke down in July 2024. It was later confirmed there was an issue with the car's timing belt and the water pump.

Following this, in January 2025, Oodle agreed to accept rejection of the car. It said Mrs W had travelled 2,117 miles in the car and so, it had applied a usage fee of £0.25 per mile completed. It said it would refund Mrs W £1,379.59, which was the difference between the amount she had paid and the usage fee. It also offered £150 for the distress and inconvenience caused.

Mrs W disagreed with this and said she only had the car for two weeks, she only drove it locally, her work confirmed she only drove around 68 miles, she didn't drive it for 2,000 miles and instead drove it for around 200 miles. Mrs W also described the impact of not having a functional car for over six months and said she couldn't work full time. Oodle agreed to increase its offer for compensation to £200, but said Mrs W would need to provide evidence to show the mileage she drove.

Our investigator looked into the complaint and said that he was persuaded Mrs W's use would have been closer to 200 miles than the amount quoted by D. He said as Mrs W used the car for 2 weeks, she should only be charged for two weeks use which is around £157.77. He also said that Mrs W had access to a courtesy car for around a month and so Mrs W should pay for this use, regardless of whether she used the car as official records show it

was taxed until 30 August 2024. Finally, he said the £200 compensation offered by Oodle was fair and reasonable.

Oodle agreed. Mrs W disagreed. She said that the compensation was inadequate for six months lost income and ongoing stress.

As Mrs W remains in disagreement, the case has been 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.

I've read and considered the whole file and acknowledge that both parties have raised a number of different complaint points. I've concentrated on what I think is relevant. If I don't comment on any specific point it's not because I've failed to take it on board and think about it – but because I don't think I need to comment on it in order to reach what I think is the right outcome. The rules of this service allow me to do this.

In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and (if appropriate) what I consider was good industry practice at the time.

Mrs W was supplied with a car under a hire purchase agreement. This is a regulated consumer credit agreement which means we're able to look into complaints about it.

In this case, neither party appears to dispute that the car had faults. I'm satisfied, having reviewed all the supporting information, that the car was of unsatisfactory quality at the time it as supplied to Mrs W.

The outstanding issue for me to decide is whether the offer Oodle has made to put things right since the complaint was referred to this service, is fair and reasonable in the circumstances. If I don't think it is, I'll decide what else, if anything, it needs to do to put things right.

Oodle has agreed to accept rejection of the car. I think this is a fair remedy in the circumstances given the car supplied to Mrs W was of unsatisfactory quality and because the fault occurred so soon after the car was supplied to Mrs W. Mrs W also wishes to reject the car.

Mrs W had the car for around two weeks before the fault occurred. At this point, the car was recovered to a garage and I'm satisfied that Mrs W hasn't had use of the car since then. As Mrs W has had use of the car for two weeks, Mrs W is required to pay for that use. This is regardless of how much mileage Mrs W actually covered during this period of time, as Mrs W had access to the car without any issue for two weeks and so, she was entitled to drive it for as many miles as she wanted during this period of time. There is a specific allowance for traders to charge a fair amount for the use of a car under the Consumer Rights Act ("CRA"). I don't consider the method Oodle has used to calculate the mileage to be fair and reasonable or consistent and so, I don't agree it is appropriate to use in this case. Overall, I agree that Mrs W should be charged a two-week pro-rata amount of her first monthly payment for her having had use of the car for two weeks.

I can see that Mrs W was also provided with a courtesy car by D. Mrs W has provided a picture from an official public website showing the car didn't have road tax at the time the courtesy car was delivered to her. D said the car had valid road tax in an email chain to Mrs W that she has provided this service. However, the attachments D has referred to in its email haven't been provided. I note that official public records show the car held valid road tax until around 31 August 2024. The official public website also states, *"If you've just taxed or made a SORN, it can take up to a couple of days for your status to update following a successful application."* So on balance, whilst I don't have a copy of the documents D

referred to in its email to Mrs W of 13 July 2024 suggesting documents have been provided to show the car had valid road tax and was insured, I think on balance it is likely that it was correctly taxed given what the official records state about the possibility in a delay of updating road tax records.

Mrs W said the courtesy car wasn't used because of her concerns about the road tax. But she acknowledged that the car's road tax status was updated shortly after she notified D that official records were showing it didn't have road tax. And there is no supporting information to suggest Mrs W didn't use the courtesy car. The courtesy car provided to Mrs W doesn't appear to have had any mechanical issues or faults and so, Mrs W was provided with a car that she had access to and which she was able to use. As she would have always had to have paid for access to a car if the car under the hire purchase agreement was of satisfactory quality, I'm satisfied Mrs W is required to pay for the time she had access to a courtesy car. As the courtesy car's road tax expired on 31 August 2024, Mrs W would have been able to use the car until around this date. Following this, in December 2024, Mrs W confirmed she still had the courtsey car but it had got clamped due to having no road tax. I'm satisfied Mrs W should pay one month's use for access to the courtesy car. I appreciate Mrs W had access to the courtesy car longer than this whilst it was taxed, but given it wasn't the car she agreed to be supplied under the hire purchase agreement, I've deducted two weeks use for this reason.

I have seen supporting information to show that Mrs W paid £78 to have the car towed to a garage when it broke down. Given this relates to a fault that made the car of unsatisfactory quality, I think Mrs W should be reimbursed this amount with applicable interest.

Mrs W has mentioned that she spent around £900 on the car whilst it was in her possession. However, I haven't seen any supporting information to demonstrate this, apart from an invoice totalling £78 that I've mentioned above. No further information has been provided to this service to demonstrate any other losses. Mrs W has said she had six months of lost earnings due to Oodle's negligence. But she hasn't demonstrated that she had any lost earnings as a result of the car being off the road – despite our investigator requesting this. As this hasn't been provided, I'm not persuaded that Mrs W did have any loss of earnings whilst she didn't have access to the car supplied under the hire purchase agreement.

Finally, I've considered whether there was any distress and inconvenience caused to Mrs W and if so, the degree of this. I note Mrs W has detailed the impact to her family of not having access to the car. However, I can only consider the distress and inconvenience caused to Mrs W, as she is the customer of Oodle.

Having done so, I'm persuaded Mrs W was caused distress and inconvenience as a result of the fault with the car. She had to arrange to have the car towed and then liaise with D to arrange repairs and a courtsey car. The car wasn't ever repaired as D said they couldn't collect the garage from a third-party garage and Mrs W said it wasn't her responsibility to arrange this. I also note there were delays in arranging an independent report by Oodle, I can see Mrs W liaised with a number of different parties and I appreciate all of this would have added to Mrs W's distress and inconvenience given the issue was ongoing. Overall, I think the £200 offer to put things right is fair and reasonable in all the circumstances. So, it follows that Oodle should put things right as set out in my final decision below.

My final decision

My final decision is that I uphold Mrs W's complaint. Oodle Financial Services Limited should do the following to put things right:

- Arrange to collect the car from its current location at no cost to Mrs W;
- End the agreement;

- Refund all payments made under the hire purchase agreement but deduct from this amount a two-week pro-rata refund of the initial payment owed under the agreement and one subsequent monthly payment;
- Pay Mrs W £78 for the cost of having the car towed following it breaking down;
- Pay Mrs W 8% simple interest on these amounts from the date of each payment until the date of settlement;*
- Pay Mrs W £200 for the distress and inconvenience caused**; and
- Amend any adverse information reported to credit reference agencies about this hire purchase agreement.

* If Oodle considers that it's required by HM Revenue & Customs to withhold income tax from the interest part of my award, it should tell Mrs W how much it's taken off. It should also give Mrs W a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

** If Oodle does not pay this £200 compensation for distress and inconvenience within 28 days of the date on which we tell it Mrs W accepts my final decision then it must also pay 8% simple yearly interest on this from the date of my final decision to the date of payment.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 20 June 2025.

Sonia Ahmed
Ombudsman