

The complaint

Miss B complains that a car acquired under a hire purchase agreement with Tandem Motor Finance Limited ("Tandem") wasn't of satisfactory quality when it was supplied to her.

What happened

The parties are familiar with the background of this complaint so I will only summarise what happened briefly here.

In November 2023, Miss B entered in an agreement to acquire a used car. She used a credit broker to source the finance, and the car was provided by a dealer (J). She paid a £1,500 deposit for the car, with the balance being provided under a hire purchase agreement with Tandem. The car was eight years old and had covered approximately 109,000 miles when the agreement started. The agreement was for 60 months, with 59 monthly repayments of £94.25, and a final payment of £104.25. The cash price of the car was £5,250.

On the day of collection, Miss B noticed the engine management light was on. She returned it to J, who repaired it, and Miss B took the car back.

In January 2024, Miss B was driving the car when it stopped suddenly. She spoke to J about it, and they asked her to recover the car to them and they would look to repair it. Once the car had been returned to J, the engine was removed for inspection and to determine what had caused the damage. J arranged for an independent inspection to take place, and this inspection determined the cause as water ingress consistent with driving through standing water. J didn't undertake the repairs.

Miss B complained to the credit broker initially, and they referred her to Tandem as the finance provider and supplier of the car under this agreement. Tandem looked at Miss B's concerns but didn't uphold her complaint. They said the report confirmed the problems now seen with the engine wouldn't have been present or developing at the point the car was supplied, so the car couldn't be deemed to be of unsatisfactory quality. However, Tandem did offer Miss B £500 towards the repair costs, subject to the provision of an invoice.

Miss B didn't accept and brought her complaint to our service. Our investigator didn't uphold it. He said the independent report confirmed the faults weren't present when the car was supplied, so weren't the responsibility of Tandem.

Miss B didn't agree. She felt she should have been able to reject the car. She also questioned the validity of the independent report and felt Tandem should have arranged their own.

As Miss B hasn't accepted, the complaint 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.

Both parties have provided a lot of information here. I'd like to reassure them that I've read and considered everything that's been sent, although I haven't commented on it all within this decision. I will be focussing on what I consider to be the key points of this complaint.

When considering what is fair and reasonable, I'm required to take into account: relevant law and regulations, relevant regulatory rules, guidance and standards and codes of practice.

Miss B has made a lot of reference to J in her submissions to our service. And I empathise with her situation with them. But I think I need to start my decision by explaining what I am looking at, and who I am considering this complaint against. I'm only looking at Tandem's responsibility here as the finance provider of the car. Miss B was introduced to Tandem by her credit broker, so Tandem also have responsibility for anything the credit broker said or did pre-sale, as they were acting as agents of Tandem at this time – but they don't have any responsibility for anything J have said or done pre-or post-sale. J haven't been acting as agents of Tandem at any point, and I can't consider their actions.

As the hire purchase agreement entered by Miss B is a regulated consumer credit agreement this service is able to consider complaints relating to it. Tandem are also the supplier of the goods under this type of agreement and are responsible for a complaint about their quality.

The Consumer Rights Act 2015 (CRA) covers agreements like the one Miss B entered. Because Tandem supplied the car under a hire purchase agreement, there's an implied term that it is of a satisfactory quality at the point of supply. Cars are of a satisfactory quality if they are of a standard that a reasonable person would find acceptable, taking into account factors such as, amongst other things, the age and mileage of the car and the price paid.

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

Satisfactory quality also covers durability. For cars, this means the components must last a reasonable amount of time. Of course, durability will depend on various factors. In Miss B's case, the car was used and had covered approximately 109,000 miles when she acquired it. So, I'd have different expectations of it compared to a brand-new car. Having said that, the car's condition should have met the standard a reasonable person would consider satisfactory, given its age, mileage, and price.

Our investigator has explained that he thinks the car was of satisfactory quality when it was supplied to Miss B. Or rather, that the engine failure she experienced wasn't present or developing at the point of sale. I agree in this case. There is no doubt the car has experienced some significant engine damage – Miss B's testimony and other evidence confirm that. But, from what I've seen, I'm not persuaded those faults are as a result of the car being of unsatisfactory quality when it was supplied. I'll explain why.

The CRA explains that where goods are found not to have conformed to the contract within the first six months, it is presumed the goods did not conform to the contract at the point of supply. Unless the supplier, Tandem in this case, can prove otherwise. Miss B brought the problem with the engine to Tandem's attention in March 2024, just over three months after she'd been supplied with the car. So, I need to consider if Tandem have done what I'd expect them to have done once they were aware there were concerns with the car.

Ordinarily, I think it would be good practice for Tandem to arrange for an independent inspection to take place of the car. But here, an independent inspection had already been arranged by J, and Tandem were satisfied they didn't need to arrange a further one. I don't consider that unreasonable in the circumstances, as the independent report was thorough in detail. Miss B has called the validity of the report into question, as it was arranged by J and she has concerns with them, but I have been given no reason to doubt the validity of it. It was written by an independent expert and included details of their credentials along with a statement to the court.

I know it will disappoint Miss B, but I find the independent inspection report the most persuasive piece of evidence in this case. It was a physical inspection of the car, by a qualified motor technician. The report concluded the damage seen to the engine wouldn't have been present at the point the car was supplied to Miss B. It stated that the damage to the engine was consistent with water entering it through an external source, such as being driven through standing water. The report concluded:

'We can conclude that the evidence seen is consistent with the operator driving the vehicle through standing water, which has been ingested through the intake and subsequently causing engine damage.'

'We do not consider the issue to have been developing at the point of sale, and is not the liability of the supplying dealer.'

Miss B has disputed this explanation and said that she didn't drive through any standing water at the time the car stopped. But she hasn't provided any evidence to counter the findings of the report, other than her testimony. And as I mentioned, I find the report to be the most persuasive here.

Miss B has also said that she thinks the engine damage seen by the independent assessor could have been caused by J's decision to remove the engine prior to the inspection. She has questioned whether the storage of the engine could have allowed the water ingress. However, the independent assessor provided additional commentary around this point. He said he didn't believe that the storage of the engine prior to his inspection had any bearing on the damage he saw. He concluded:

'To conclude, the evidence available is not consistent with water contamination in storage and is more consistent with water ingestion.'

'The engine damage is also further consistent with water ingestion.'

I can only conclude the car was of unsatisfactory quality at the point it was supplied to Miss B if the evidence conclusively points to that. In this case, the evidence doesn't. The report is unequivocal in that the damage has been caused since Miss B has been in possession of the car. I can't say that Tandem have acted unreasonably by following the findings of the report and by saying the car wasn't of unsatisfactory quality.

Miss B has also asked if the repair shortly after taking delivery of the car is proof that a day-one fault had occurred, which should allow her to reject the car. But I haven't seen anything from Miss B to Tandem, or any other party, that she asked to reject the car at this point. She returned it to J, who have provided an invoice to confirm a glow plug was changed, and Miss B then used the car for a further two months. She has accepted the repair, and the independent report doesn't link the initial repair with the faults experienced in January 2024. So, the repair hasn't failed, and Miss B isn't able to exercise her right to reject on that basis.

I know this decision will come as a disappointment to Miss B. She's explained articulately the distress it's caused her, more so because it was her first opportunity to acquire a car. But I can only ask Tandem to do something if the evidence confirms the problems were present or developing at the point the car was supplied to her. And I've explained above why I'm not persuaded it does in this case.

Tandem have offered Miss B £500 towards the total repair costs for the car, subject to an invoice being provided. It's now for Miss B to decide what her next steps are.

I'd remind Miss B that she's free to reject this decision if she thinks she can achieve a better outcome through alternative means, such as the courts.

My final decision

For the reasons above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 27 August 2025.

Kevin Parmenter
Ombudsman