

The complaint

Mr M complains about the quality of a car he acquired under a hire purchase agreement with Lendable Ltd trading as Autolend (Autolend).

When I refer to what Mr M and Autolend have said and/or done, it should also be taken to include things said and/or done on their behalf.

What happened

In March 2024, Mr M entered into a hire purchase agreement with Autolend to acquire a used car. The car was first registered in October 2015. At the time of acquisition, the car had travelled around 66,175 miles based on an MOT done about one month prior to acquisition. The total cash price of the car was approximately £11,244 when Mr M acquired it. The total amount payable under the finance agreement was approximately £17,024. The agreement consisted of 59 monthly repayments each of around £283.08. The Final Payment of £296.99 was to be collected 60 months after the start date of the agreement and an option to purchase fee of £25.

Mr M said that when he picked up the car, he only noticed an issue with the interior being worn, but shortly after he contacted the supplying dealership because he noticed issues relating to the front bumper, air conditioning, brakes, and the gearbox. Mr M had an email from the supplying dealership to confirm that the car was supplied with the front bumper out of alignment and the driver's seat worn. Around April and May 2024, the supplying dealership told him to take that car to third-party garages for testing and repairs as is evident from the text messages he had with the supplying dealership, where they agreed to pay the bill for some of the work.

Mr M was not happy with the repairs, so he contacted Autolend to raise a complaint.

Autolend said that on 11 July 2024 Mr M called them and raised these points:

- The air conditioning was not working, but it was repaired by the dealership;
- There was an issue with the front bumper/front end;
- The brake discs needed to be replaced;
- There is an issue with the gearbox box;
- The front of the seats was worn;

After some communication with Autolend, Mr M organised an independent inspection of the car which took place on 29 July 2024. Following the independent inspection and its findings, Mr M said he would like to reject the car.

In September 2024, Autolend wrote to Mr M. In this correspondence they said the independent report Mr M arranged did not note any concerns with the car's electrics or mechanics, but noted cosmetic concerns, structural damage as the car was likely in an accident, and that any repair work has not been carried out to an acceptable standard. In this correspondence, Autolend said that they are not typically able to assist with cosmetic or condition-related concerns. They said that, as the independent report suggests, the damage

is clear and substantial, they think that any damage at the time of acquisition would have been reasonably seen and that if Mr M was unhappy with the visual condition at this time, he would have raised it.

Autolend also said the independent report did not consider all necessary evidence supplied by the dealership such as an auction condition report, images from the point of sale, the HPI report, and the pre-delivery inspection report. They said the auction condition report notes that the car has suffered no structural damage, and the HPI report also does not indicate any accidents on it. Plus, the dealership supplied images of the car from the point of acquisition, which show that no part of the car was damaged. They said that having checked the pre-inspection report, there was no cause for concern with any of the mechanical or electrical components. Signs of poor structural repairs, like misaligned panels or uneven surfaces, also would have been flagged during the MOT that was done about a month prior to acquisition and, had there been issues, this would cause the MOT to fail. They concluded that considering the evidence, communication, time Mr M have had the car for, and the type of faults raised, they did not think these were present or developing at the time of acquisition and they felt the car was sold in satisfactory condition, fit for its intended purpose and commensurate with its age, mileage, and price.

Mr M remained unhappy, so he referred his complaint to the Financial Ombudsman Service (Financial Ombudsman).

Our investigator considered Mr M's complaint and was of the opinion that the car was of unsatisfactory quality when it was supplied. The investigator was of the opinion that Mr M should be allowed to reject the car.

Autolend did not agree, so 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.

Where evidence is unclear or in dispute, I reach my findings on the balance of probabilities – which is to say, what I consider most likely to have happened based on the evidence available and the surrounding circumstances.

In considering what is fair and reasonable, I need to take into account the relevant rules, guidance, good industry practice, the law and, where appropriate, what would be considered good industry practice at the relevant time. Mr M acquired the car under a hire purchase agreement, which is a regulated consumer credit agreement. Our service can look at these sorts of agreements. Autolend is the supplier of goods under this type of agreement and is responsible for dealing with complaints about their quality.

I have summarised this complaint very briefly, in less detail than has been provided, and largely in my own words. No discourtesy is intended by this. If there is something I have not mentioned, I have not ignored it. I have not commented on every individual detail. But I have focussed on those that are central to me reaching, what I think is, the right outcome. This reflects the informal nature of the Financial Ombudsman as a free alternative to the courts.

The Consumer Rights Act 2015 (CRA) covers agreements such as the one Mr M entered into. Under this agreement, there is an implied term that the goods supplied will be of satisfactory quality. The CRA says that goods will be considered of satisfactory quality where they meet the standard that a reasonable person would consider satisfactory – taking into account the description of the goods, the price paid, and other relevant circumstances. I

think in this case those relevant circumstances include, but are not limited to, the age and mileage of the car and the cash price. The CRA says the quality of the goods includes their general state and condition, as well as other things like their fitness for purpose, appearance and finish, freedom from minor defects, safety, and durability.

In Mr M's case the car was over 8 years old, with total cash price of approximately £11,244. It had covered around 66,175 miles based on an MOT done about one month prior to acquisition. So, the car had travelled a reasonable distance, and it is reasonable to expect there to be some wear to it because of this use. I would have different expectations of it compared to a brand-new car. As with any car, there is an expectation of ongoing maintenance and upkeep costs. There are parts that will naturally wear over time, and it is reasonable to expect these to be replaced. And with second-hand cars, it is more likely parts will need to be replaced sooner or be worn faster than with a brand-new car. So, Autolend would not be responsible for anything that was due to normal wear and tear whilst in Mr M's possession. But given the age, mileage and price paid, I think it's fair to say that a reasonable person would not expect anything significant to be wrong with the car shortly after it was acquired.

Mr M thinks that he should be entitled to reject the car.

The CRA sets out that Mr M has a short term right to reject the car within the first 30 days, if the car is of unsatisfactory quality, not fit for purpose, or not as described, and he would need to ask for the rejection within that time. He would not be able to retrospectively exercise his short term right of rejection at a later date.

The CRA does say that Mr M would be entitled to still return the car after the first 30 days, if the car acquired was not of satisfactory quality, not fit for purpose, or not as described, but he would not have the right to reject the car until he has exercised his right to a repair first – this is called his final right to reject. And this would be available to him if that repair had not been successful.

First, I considered if there were faults with the car. Based on the independent inspection that was completed in July 2024, I can see the report notes significant faults with the front of the car due to a frontal impact low down, most notably to the nearside front of the bumper.

The report states the car is structurally compromised around the engine carrier, which is part of the structural integrity of the front of the car. The front bumper is loose and not fitted correctly and misaligned. There are deep gouges to the lower underside on the nearside of the front bumper and there are gouges where the headlamps have been forced into the bumper. This has caused gouged areas on the inside section of the headlamp lenses to crack and fall off. The offside front lamp pod is missing and the front wings appear bowed and are misaligned with the front bumper and the front edge of the front doors. The report also noted that there were diagnostic fault codes which would need further investigation, but did not appear to be related specifically to the incident in question. The front bumper trims and radiator grille are all misaligned and have broken clips and, in their opinion, the engineer stated that the car has not been repaired to a commercially acceptable standard that pre-dates the point of purchase.

So, it is clear that the car is faulty. But just because a car is faulty does not automatically mean that it was of unsatisfactory quality when supplied. So, I have considered if the car was of unsatisfactory quality when it was supplied to Mr M.

Autolend feel that the structural damage occurred after the car was acquired by Mr M. They base this on the fact that the auction condition report, HPI check, and MOT conducted approximately one month prior to the car's sale, all do not state any prior

accidents or damage to the car. Also, they do not feel that the independent report can be relied on because these reports have not been provided to the engineer that completed the independent report. Autolend also indicated that due to the amount of damage, Mr M would have spotted these faults at the time of acquisition and would have raised it right away. Overall, they feel that they are not responsible for the issues in question.

I have taken into consideration what Autolend have said, but overall, I agree with our investigator who said that the car was not of satisfactory quality when supplied to Mr M. I have considered that Mr M only had the car for less than four months and travelled less than 4,000 miles before the issues in question were first noted. And I have considered that the independent report said the damage noted pre-dates the point of acquisition partly because, they said, there is a play impact mark in this area and just above this there is a large 'V' shape crease in the engine carrier, which is corroding. So, considering this statement, when the engineer has taken the amount of corrosion found on the damage, and the fact that Mr M raised these issues only after having travelled in the car for less than 4,000 miles and having it for less than four months, I think most likely, the damage happened before the car was supplied to him.

When coming to the above conclusion I have also taken a few other aspects into consideration.

I considered that, most likely, Mr M would have not noticed the damage in question without looking underneath the car. So, it is also not unreasonable that Mr M might not have noticed this damage earlier.

I think, most likely, the fact that the independent inspection engineer did not have the pre-sale documentation and the repair timeline does not materially affect the reliability of their report. I say this because the engineer assessed the car based on the physical inspection of the damage and based his conclusions on the severity of the issues and the amount of corrosion rather than the documentation or timeline that might have been provided.

I know that Autolend feels that the auction condition report, HPI check, and pre-delivery inspection and MOT conducted approximately one month prior to sale all do not state any prior accidents or damage to the car. But the auction report and HPI check do not contain detailed descriptions of the car's condition. The auction report and HPI check state that there has been no insurance claims or write-off history, but that does not automatically mean that the car is free of faults. And, even though the pre delivery inspection does not mention any damage, there is an email from the supplying dealership that confirms that the front bumper was out of alignment which would be consistent with the structural issues that are mentioned in the independent report.

Regarding the MOT, I would have expected that during that safety test such damage would have been noted. However, I think most likely, this damage was present but was less severe, and due to its location was not as readily visible. So unfortunately, I think, on balance, it must have been overlooked when the car went through its MOT process. I've arrived at this conclusion because there is enough evidence which persuades me, on balance, that this damage happened before Mr M acquired the car. This includes considering the fact that the bumper was misaligned, corroborated by the conclusion of the independent report based on amount of corrosion and the short distance that Mr M has done in the short amount of time he had the car.

Overall, given the age, mileage of the car, the price paid, combined with how significant the faults are, how quickly Mr M raised these, and the fact that, most likely, these have an impact on the car's safety, I do not think these costs and faults would be expected by a reasonable person to be sustained, especially given the short time frame. Needing such a

repair is a significant problem to arise and is very expensive to put right. So, I think that, most likely, the car was of unsatisfactory quality when supplied to Mr M. As such, I have considered if Mr M should be able to exercise his right to a repair or be able to now reject the car under the CRA. Considering the specific circumstances of this case, I do not think it would be fair and reasonable for Autolend to have an attempt at a repair. I think now a more fair and reasonable solution would be for Mr M to be able to exercise his right of rejection under the CRA.

When coming to this conclusion I have considered communications between the supplying dealership and Mr M and from these I think, most likely, the supplying dealership already had an opportunity to address issues with the car. The dealership told him to take that car to third-party garages for testing and repairs as is evident from the text messages he had with the supplying dealership where they agreed to pay the bill for some of the work. So on balance it seems that some repairs have already been attempted. I also reflected that a repair of such significant damage would cause further delays, costs, and inconvenience to Mr M. In this case, we look at the car as one item, rather than considering each individual component in the car. So, Autolend does not get one chance to repair each different fault, simply one chance to repair the car. Mr M first raised issues a long time ago. Under the CRA, Autolend are responsible for carrying out the repairs within a reasonable time and without significant inconvenience to Mr M, which has not happened in this case. Bearing in mind the specific circumstances of this complaint, considering some attempts of a repair have already been sought, and the amount of time that has passed, I do not think that a repair would be a fair and reasonable outcome. So, I think Mr M should now be able to reject the car.

Autolend should end the hire purchase agreement, and they should collect the car from wherever it is located without charging for its collection.

Mr M has been able to use the car, so I think it is reasonable he pays for this use. As such, Autolend can keep all payments that were due up until 29 July 2024 (the date of the independent inspection). Mr M should not be liable for any payments due after 29 July 2024. I say this because Mr M stopped driving the car at that point due to concerns around its safety because of the damage that was found. Bearing this in mind, I do not think it was unreasonable for him to stop driving the car when he did, so I think it is fair that he does not pay any monthly payments from this point onwards to the date of settlement.

Autolend does not need to refund any other costs relating to Mr M using another car because he receives a refund of his monthly payments since 29 July 2024, so it would not be fair and reasonable for him to be reimbursed for alternative transport costs during that time as this would, in effect, compensate him twice for the loss of use of his car.

Autolend is also not required to refund him any of his car and road tax as he was required to have these and continued to benefit from protection against fire, theft, and other risks during that period.

But Autolend should refund Mr M for the independent inspection report as I do not think he would have incurred this cost had they provided him with a car that was of satisfactory quality.

Autolend should add interest to the refunded amounts from the date of each payment until the date of settlement. Interest should be calculated at 8% simple per year.

Any adverse information should be removed from Mr M's credit file and the credit agreement should be marked as settled in full on his credit file, or something similar, and should not show as a voluntary termination.

I know that Mr M has mentioned that this situation had an impact on him and had caused him a lot of distress and inconvenience while trying to resolve it. Mr M has explained, in great detail, how this has impacted his life. Also, he had to take the car for repairs and spend time trying to resolve this issue. I think Mr M would not have experienced all of this, had Autolend supplied him with a car that was of a satisfactory quality. So, I think they should pay him a total of £150 in compensation to reflect the impact this situation had on him.

My final decision

For the reasons given above, I uphold this complaint and direct Lendable Ltd trading as Autolend to:

1. End the hire purchase agreement ensuring Mr M is not liable for payments after 29 July 2024;
2. Collect the car from wherever it is located without charging for the collection;
3. Refund the cost of the independent inspection report, subject to proof of payment;
4. Add 8% simple interest per year to all refunded amounts, from the date of each payment to the date of settlement;
5. Pay Mr M a total of £150 compensation for the distress and inconvenience caused;
6. Remove any adverse information recorded on Mr M's credit file in relation to this credit agreement. The credit agreement should be marked as settled in full on his credit file, or something similar, and should not show as voluntary termination.

If Lendable Ltd trading as Autolend considers that tax should be deducted from the interest element of my award, they should provide Mr M with a certificate showing how much they have taken off, so he can reclaim that amount if he is eligible to do so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 15 September 2025.

Mike Kozbial
Ombudsman