DRN-5483583

The complaint

Miss R is unhappy with the quality of a car financed with Oodle Financial Services Limited using a hire purchase agreement.

What happened

In March 2024, Miss R entered into a hire purchase with Oodle for a used car. The car was around 10 years old and had been driven for 87,130 miles. The cash price was £5,500.

Two months after acquiring the car, the engine management light came on. A diagnostic report was completed which said the car needed a new catalytic convertor and sensors.

Both the dealership and Miss R disagree with the events that happened next, but there seems there was some confusion about repairs to the car. I can see from a screenshot of phone messages that a conversation between Miss R and the dealer took place on 11 May. The messages suggest that Miss R's local garage didn't have space to fix her car. Another garage was suggested by the dealership and Miss R called them. This garage said they would need to run another diagnostic check and Miss R questioned the necessity of this. I haven't been provided with any further messages about the repairs.

From what I can see, it was agreed Miss R would organise repairs to the catalytic convertor and sensors. The dealership has said they agreed to cover the cost of these repairs once completed.

In June, Miss R messaged the dealership asking if her car was booked in. The dealership has said they tried to call her but was unable to get through. They also said they spoke to the local garage who said they were waiting for Miss R to get in touch with them for a convenient time to repair the car.

Miss R has provided a message sent to the finance broker in August where she chased about booking her car in for the repairs. In the message she says none of her calls have been returned and she hasn't had any updates.

In September, Miss R's car experienced more problems after breaking down. It was established the car had head gasket failure.

At the end of September, Miss R first contacted Oodle about what was happening. They asked her to arrange for an independent report. This report confirmed there was a head gasket failure but that they don't think it was present at the point of sale.

Oodle issued a final response letter saying that because the independent report said the head gasket issue was not present when the car was acquired, they wouldn't cover the cost of this. They said that if the engine management light was still on after the repairs, then the dealership would pay for the new catalytic convertor and sensors.

As Miss R didn't agree, she brought the complaint to our service. An investigator looked into everything and said they didn't think Oodle needed to cover repairs to the head gasket. He said the repairs to the catalytic convertor and sensors have already been agreed to be covered by the dealership. He also recommended Oodle pay Miss R for the diagnostic report she paid for in May.

As Miss R was unhappy with the view, so the case has been passed to me for a final decision.

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.

Miss R acquired her car using a hire purchase agreement and so The Consumer Rights Act 2015 ("CRA") is a relevant legislation for this complaint. The CRA sets out expectations and requirements around the quality of goods supplied. In summary, goods should be of satisfactory quality. Section 9 of the CRA says that goods are of satisfactory quality if they meet the standard that a reasonable person would consider satisfactory. When considering the quality of a car, the age, mileage and price are things that need to be taken into account.

Repairs to the catalytic convertor and sensor

I can see that the dealership has already agreed to pay for a new catalytic convertor and sensor once the issues with the head gasket are fixed. I think this is the reasonable remedy under the CRA. This is because the CRA says that a repair should be attempted in the first instance if an issue be related to the quality of the car at the point of supply.

I also want to acknowledge the confusion about these repairs and the delays in getting them completed. This decision focuses on the actions of Oodle as the finance provider and their obligations under the CRA. While it seems to me that it would have been better if these repairs were completed promptly, I can see Oodle were only contacted about the issues Miss R was experiencing in September. And so, it wouldn't be fair for me to hold them responsible for delays which happened before this time.

Miss R has said she had to pay for the diagnostic report in May as part of her organising repairs. I think Oodle should reimburse her this cost of £39.99. They should pay 8% simple interest on this amount from the date Miss R paid it to the settlement of this complaint. This is because Miss R has been without use of these funds.

Repairs to the head gasket

Miss R's car experienced a head gasket failure in September, seven months after Miss R acquired it.

I've considered the findings of the independent inspection which said the problems with the head gasket are more due to end of life maintenance rather than a manufacturing defect.

I've also noted that the report states the car had been driven over 90,000 miles and it was around ten years old at the point of supply. And so, for these reasons, and bearing in mind the requirements of the CRA, I don't think the head gasket failure would mean a reasonable person would say the car was of unsatisfactory quality when it was supplied. Because of this, I don't think Oodle have acted unreasonably in not covering the repairs to the head gasket.

Putting things right

My final decision is that I uphold this complaint and ask Oodle Financial Services Limited to reimburse Miss R £39.99 for the diagnostic report. They should pay 8% simple interest on these amounts from the date Miss R paid them to the settlement of this complaint.*

As the dealership have already agreed to ensure repairs are carried out to the head gasket and sensor as required, once any repairs to the head gasket have taken place, I make no further direction on this.

*If Oodle deducts tax from any interest they pay to Miss R, they should provide her with a tax deduction certificate if she asks for one, so she can reclaim the tax from the tax authorities if appropriate

My final decision

My final decision is that I uphold this complaint in part, for the reasons set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 1 October 2025.

Ami Bains
Ombudsman