

The complaint

Miss G complains Startline Motor Finance Limited (SMFL) supplied a car under a hire purchase agreement which wasn't of satisfactory quality.

What happened

Miss G entered into the hire purchase agreement on 17 June 2022 in order to acquire a used car. The car was first registered on 15 May 2019 and it had done 39,438 miles at the point it was supplied to Miss G. The cash price of the car was £16,232.90 and Miss G paid a deposit of £337.90. The total amount payable under the agreement was £20,818.56 and Miss G was to make 47 monthly repayments of £308.78 followed by a final repayment of £5,967.

Miss G made a previous complaint in 2023 about the quality of the car and repairs were undertaken so the complaint was resolved. However, in February 2024 she noted her Engine Management Light (EML) had lit up. Diagnostics were carried out and a report was obtained which indicated the vehicle needed the timing chain and associated components replaced.

Miss G complained to SMFL on 19 March 2024. SMFL issued its final response on the complaint on 23 April 2024. It obtained an independent report and explained this showed the issue was due to the age and mileage of the vehicle. The parts had worn and needed replacing as part of normal in-service use. It said there wasn't sufficient evidence to show this fault was present or developing at the point of supply. Therefore, it said the vehicle had been of satisfactory quality when provided to Miss G.

Miss G remained unhappy and asked our service to investigate. Our Investigator issued a view explaining why they thought the vehicle had not been of satisfactory quality at the point it was supplied and SMFL should cover the cost of the repairs. In the meantime, Miss G incurred the cost of having the repairs carried out. However, it didn't solve the problem and she was told the vehicle needed an engine replacement. This led our Investigator to issue a second view in which they explained why they felt it would be fair and reasonable for SMFL to allow Miss G to reject the vehicle and end the agreement. Our Investigator also felt SMFL should ensure Miss G doesn't lose out on the associated costs which arose due to the quality of the car, and it should pay her £200 for the distress and inconvenience.

SMFL didn't accept the view. In summary, it said:

- Miss G purchased the vehicle on 17 June 2022 and her complaint was made on 19 March 2024. So, one year and eight months had passed since the purchase.
- The faults of the timing chain are classed as general maintenance of a vehicle. The mileage at the point of sale was 39,438 and the report confirmed the car had completed mileage of 55,199. This means Miss G raised the issue after she had covered around 16,000 miles in the vehicle. Over this period, the vehicle passed both its MOTs in February 2023 (mileage of 47,708) and February 2024 (54,971).
- There is not sufficient evidence to support the current vehicle issues were present or

developing at point of sale or are the result of previous failed repairs. On the balance of probabilities, it is extremely unlikely that a vehicle which had been provided in an unfit for purpose condition would have been able to achieve this additional mileage.

- The guidance for replacing a timing chain on this model of vehicle is every five years or 74,000 miles and this cost would be the responsibility of the vehicle's registered keeper. It didn't agree our Investigator had reached a fair outcome.
- The independent report highlights the current repairs to be that of general maintenance of the vehicle. It said the timing chain stretched as a result of normal in-service use, and the timing chain tensioner performance deteriorated for the same reason. Having to replace the timing chain and associated parts would be classed as general maintenance, which is not something SMFL were responsible for. Overall, the report concluded the car was sold in a road legal condition and met the minimum MOT standards.

As SMFL didn't accept our Investigator's findings, 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.

In considering what is fair and reasonable, I need to have regard to the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider to have been good industry practice at the relevant time.

The finance agreement in this case is a regulated consumer credit agreement. As such, this service is able to consider complaints relating to it. SMFL is also the supplier of goods under this type of agreement and is responsible for a complaint about their quality.

The Consumer Rights Act 2015 (CRA) is of particular relevance to this complaint. It says that under a contract to supply goods, there is an implied term that *"the quality of goods is satisfactory"*.

The CRA says the quality of goods is 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 a court would take into account might include things like the age and mileage at the time of sale and the vehicle's history.

The CRA says 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, safety, and durability.

My starting point is SMFL supplied Miss G with a used car which had travelled 39,438 miles and was around three years old. So, it would be unreasonable to expect a used car like this to be in the same "as new" showroom condition which it would have been when first supplied. But just because the car was used with some mileage, doesn't mean that SMFL had no requirements in relation to providing goods of satisfactory quality.

Having reviewed the evidence, I'm satisfied there is a fault with this car. Miss G has provided her own testimony about the EML appearing in February 2024. She also provided a diagnostic report which detailed four fault codes relating to the timing chain and estimated costs for the repair work. It stated the *"...engine drive chain would require a full strip down,*

replacement chain, guides, tensioners and vvt units...this will require dealer for specialised tools”.

SMFL also commissioned a vehicle inspection report which was undertaken on 14 April 2024. The report explained that as soon as the engine started it emitted elevated levels of engine “chatter” consistent with noise from the timing chain. It confirmed the timing chain and associated parts needed replacing. The report confirmed no test drive was undertaken because of the possible consequences of engine operation. It said Miss G had been verbally advised not to drive the car until repairs had been undertaken.

Given what I’ve seen, I’m satisfied a fault with the car occurred and the timing chain needed replacing. Miss G has proceeded to have repairs undertaken, but further damage to the engine associated with the issue was identified and I’ve seen correspondence from the mechanic confirming a new engine would be needed at significant cost.

Although, I’m satisfied there is a fault it doesn’t necessarily follow that the vehicle was of unsatisfactory quality at the point it was supplied by SMFL. I must consider whether this was a fault which was present or developing at the point of supply and, amongst other factors, whether the vehicle was sufficiently durable.

Miss G has provided a copy of the diagnostic report which she obtained when the issue arose. The commentary from the garage is that it was, in their opinion, extremely unusual based on the age, condition and mileage of the car.

I have also considered the independent report which was obtained by SMFL. The report concluded the current issue had developed after the point of sale and this was reaffirmed by the fact the vehicle passed its MOT after the date of sale. It stated unusual noises associated with the timing chain would have been picked up in an MOT. It concluded the symptoms were consistent with the timing chain chatter which was the result of the timing chain and its associated components reaching the end of their in-service life. It is such wear that the expert explained was causing the chatter. They confirmed the vehicle needed a replacement timing chain and associated components to restore engine performance. Such action, in their opinion and for a car of this age and mileage, would be classed as general maintenance and given the time which had elapsed since the sale it would not be the sales agent’s responsibility to rectify.

I know SMFL is concerned the contents of the report have not been given sufficient weight when deciding the outcome here. I want to provide assurance that I’ve carefully considered the outcome of the report. I also understand what has been reported about the likelihood of this issue being present or developing at the time the vehicle was provided by SMFL. However, it is not this alone which might have meant the vehicle was of unsatisfactory quality, I must also think about its durability.

Whilst the report does comment on the age and mileage of the car, there is no comment on how long a timing chain could be expected to last in a vehicle with this type of engine. From what I have seen, it appears that a timing chain should last significantly longer than the roughly 55,199 miles it lasted here. The car was also only four years old. The manufacturer recommended it should be replaced every ten years or 150,000 miles. General information about timing chains also indicates they’re typically designed to last the lifetime of the engine, but damage or wear might mean they need replacing earlier and from around 80,000 to 100,000 miles.

Considering all of this information, I think this indicates what could reasonably be expected in terms of its durability. In this case, it failed considerably earlier and before it reached either

this age or mileage. So, it doesn't appear it was sufficiently durable in this case and the vehicle wasn't of satisfactory quality when it was supplied.

In response to the view, SMFL stated the guidance is to replace the timing chain every five years or at 74,000 miles. I can also see that as a result of reports of the part failing prematurely some professionals have recommended having it replaced earlier. However, I'm not persuaded this meant it was sufficiently durable. I've taken into account the manufacturer's recommendations and how the vehicle had been maintained.

I appreciate such parts as these (the timing chain and associated components) may deteriorate more quickly without proper care of the vehicle. I also note Miss G had covered around 16,000 miles and one year and eight months had passed since the car was supplied to her.

I've reviewed the service history, and I can see from the report Miss G did get the car serviced in line with the normal service specifications. I'm satisfied it seems it was regularly maintained. I note the report did highlight some of the historic services had been undertaken outside of the specifications. Two services had been carried out in the three years since it had first been registered and the age and mileage had been exceeded. This was prior to the car being supplied to Miss G. Importantly, I'd note the content of the diagnostic report and independent report don't raise any concerns about how Miss G used or cared for the vehicle and the car had been serviced. Taking everything into consideration, there isn't persuasive evidence that Miss G had used the car or failed to maintain the car in such a way as to cause the issue.

Moreover, the independent report was undertaken prior to the repairs. The repairs have not fixed the problem and Miss G has been told the car needs a new engine. I don't think it could reasonably have been expected that a major repair of this nature, and which has arisen from such an issue, would be expected of a vehicle with this age and mileage and which had been regularly maintained.

Taking everything into consideration, I'm satisfied for this particular car the timing chain wasn't sufficiently durable at the point of sale, and this renders the car of unsatisfactory quality under the CRA. Therefore, SMFL should do something to put things right.

Putting things right

I have explained on balance I think SMFL provided a car which wasn't of satisfactory quality because I'm satisfied the issue which has arisen with the timing chain shows it was not of sufficient durability in the circumstances. Looking at the remedies in the CRA, I think Miss G should be allowed to reject the vehicle. I say this because I'm satisfied an attempt has been made to repair the vehicle in line with the recommendations and the timing chain has been replaced. This has not resolved the problem and Miss G has now been told the vehicle needs a new engine at an estimated cost of around £7,425.67 including VAT. Taking into consideration the previous attempt to repair the vehicle and the garage's explanation that the vehicle needs a new engine, another repair attempt of this extent isn't appropriate or proportionate in the circumstances.

All things considered, I think it's fair to draw a line under the agreement now and allow Miss G to reject the car. SMFL should also pay the cost which arose when Miss G agreed to repair it. These costs were reasonably incurred and followed recommendations from professionals. When this repair didn't work, Miss G had to pay to have the car moved from the garage premises because she couldn't afford any further repairs and they couldn't keep the vehicle on site indefinitely. Therefore, SMFL should also cover these costs as they seem

to have been reasonably incurred and have only arisen because of the problem with the quality of the car.

I also understand the vehicle failed on 17 February 2024. I'm satisfied Miss G has had no use of the vehicle since then and should be refunded any monthly repayments she made towards the agreement from this date. She was also inconvenienced by the breakdown of the vehicle, and she's explained the stress she's experienced in the circumstances. Therefore, SMFL should also pay some compensation to recognise the impact here.

To put things right, Startline Motor Finance Limited should do the following:

- Collect the car at no cost to Miss G and end the agreement ensuring there is nothing further to pay;
- Ensure there is no adverse data in respect of this agreement on Miss G's credit file;
- Refund Miss G's deposit contribution (if any part of this deposit is made up of funds paid through a dealer contribution, SMFL is entitled to retain that proportion of the deposit);
- Refund the amount Miss G paid of £165 to move the car from the garage subject to suitable evidence of payment by Miss G;
- Refund the repair costs incurred by Miss G of £1,211.14 subject to Miss G providing suitable evidence of payment;
- Refund all payments Miss G made in connection with the hire purchase agreement after the car failed on 17 February 2024;
- Pay 8% simple yearly interest on the refunded payments from the date of each payment until the date of settlement*; and
- Pay Miss G £200 compensation to recognise the distress and inconvenience caused.

*If SMFL considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Miss G how much it's taken off. It should also give Miss G a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

My final decision is I'm upholding this complaint and Startline Motor Finance Limited should put things right in the way I've outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 28 May 2025.

Laura Dean
Ombudsman