DRN-5505562

The complaint

Mr M complains about the quality of a car he acquired under a conditional sale agreement with Close Brothers Limited (CBL).

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

What happened

In July 2024, Mr M entered into a conditional sale agreement with CBL to acquire a used car first registered in June 2015. At the time of supply the car had travelled around 65,000 miles. The cash price of the car was around £13,995 and the amount of credit that was provided was approximately £13,995. The total amount payable was about £20,296. The agreement consisted of 59 monthly repayments, each in the sum of around £338, followed by a repayment of about £348 payable 60 months after the date of the agreement.

Mr M said that since the day he took delivery of the car, he noticed an issue with the air conditioning system. He said there was a persistent smell of fumes entering the cabin, particularly when the car was stationary or idling. Mr M said he contacted the supplying dealership on 10 October 2024, and despite multiple follow-ups, the issue has still not been resolved. Mr M said the car has been with the dealership since 8 January 2025, and despite over four weeks of repairs, there has been no clear resolution.

Mr M said the dealership has not provided any substantial evidence of a diagnosis, and their communication has been vague and inconsistent. He said he was told that parts were being ordered as a precaution, but no explanation was given as to how this would address the issue of the fumes entering the cabin. Ongoing delays have caused significant inconvenience to him because he had been without a car since it was collected on 8 January 2025 forcing him to rely on lifts, public transport, and borrowing cars, which has disrupted his daily life, including family arrangements. Therefore, Mr M said that after waiting for an unreasonable amount of time and receiving no satisfactory response from the dealership, on 4 February 2025 he told CBL that he is exercising his Final Right to Reject the car. He said this was because the repairs were not completed within a reasonable time and without a significant inconvenience to him.

In December 2024 CBL wrote to Mr M and said they are upholding his complaint as he is entitled to have the car repaired at no cost to him. And it was arranged for the car to be picked up on 8 January 2025 for the supplying dealership to do the repair. On 23 January 2025, CBL wrote to Mr M that when his car is returned to him, they can review the case and offer a reimbursement for time he was without the car.

CBL also wrote to Mr M on 5 February 2025 acknowledging that, as he was without a car since its collection on 8 January 2025, they will refund him one monthly repayment instalment and award a distress and inconvenience payment of £100. They said these will be credited to his nominated bank account within three to five working days. They also said new parts (a new gasket) have arrived for the car and the repairs should be

completed by 5.00pm on Friday 7 February 2025. They also have said that they intend to drop off the car to Mr M a few days later and that CBL will arrange for an independent engineer to inspect the car upon its return to check that it has been successfully repaired, for Mr M's peace of mind.

Mr M refused to accept the car, and, as he remained unhappy, he referred his complaint to the Financial Ombudsman Service (Financial Ombudsman).

Our investigator considered Mr M's complaint. The investigator was of the opinion the car was of unsatisfactory quality, but also the investigator was of the opinion that the repair was completed within a reasonable time, so they did not think it would be fair to recommend rejection in those circumstances. The investigator was also of the opinion the redress offered by CBL was fair and reasonable, considering the circumstances of his complaint.

Mr M did not agree with the investigator. 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 conditional sale agreement, which is a regulated consumer credit agreement. Our service can look at these sorts of agreements. CBL 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.

I know that Mr M is unhappy about certain actions/inactions of the supply dealership/broker and CBL might be responsible for some of these, such as for example what was said or done during the antecedent negotiations before Mr M entered the finance agreement. However, I can only consider actions/inactions of CBL, and only the aspects they are responsible for and ones that they have had had an opportunity to address, so I cannot look at certain actions and/or inactions of the dealership/broker which Mr M might be unhappy about. As such, in this decision I only focused on the aspects I can look into, and only the events that have been raised by Mr M with CBL, and the ones they had the opportunity to address in their final response issued to him in December 2024. As such, I am only considering whether the car was of satisfactory quality when it was supplied to Mr M and what action they have taken to put things right for him if it was not.

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 about nine years old, with a total cash price of approximately £13,995. It had covered around 65,000 miles. 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 there will be ongoing maintenance and upkeep costs. There are parts that will naturally wear over time, and it is reasonable to expect these to be replaced. 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. CBL would not be responsible for anything that was due to normal wear and tear whilst in Mr M's possession.

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. Mr M 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. This would be available to him if that repair had not been successful.

First, I considered if there were faults with the car.

From all the evidence provided by both sides, I think most likely, there was a fault with the car. When coming to this conclusion I have considered Mr M's testimony stating that he was smelling fumes inside the car's cabin. Also, CBL accepted that there was a fault with the car, and, as I understand, the dealership most likely ordered and replaced the manifold gaskets. However, just because a car was 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.

Mr M said that from the beginning he was smelling fumes inside the cabin of the car, and CBL are not disputing that the car was of unsatisfactory quality when supplied. Taking that into consideration combined with the price, age and mileage of the car when it was supplied – and when the fault first happened – I think on balance the car was not of satisfactory quality at the point of supply. However, CBL has arranged for the car to be repaired at no cost to Mr M.

I know Mr M said that he lacks confidence in the car and in the repair process, so he questioned if the repair had been successful. However, I have not been given any evidence that the repair, most likely, was unsuccessful which, in turn, would allow Mr M to have a right to reject the car. As such, I have not seen enough evidence to be able to say that it would be fair and reasonable for Mr M to be able to exercise his right, under the CRA, to reject the car. Plus, Mr M could have taken up CBL on their offer to arrange for an independent engineer to inspect the car upon its return to check that it has been successfully repaired, for his peace of mind.

Mr M feels that due to the time and significant inconvenience that was caused to him, he should have been able, under the CRA, to reject the car at the time he communicated this to CBL. As such, I have taken into consideration everything he told us about his circumstances and the amount of time the repair took, but I still do not think it would be fair and reasonable for him to be able to reject the car. When coming to this conclusion, I assessed that, roughly, four and half weeks is not an unreasonable amount of time for a repair to be completed, especially taking into account that some parts were, most likely, on back order and, that there may have been a short period of time the dealership was closed due to severe weather warnings.

I know that during the repair time, Mr M was not kept mobile in a courtesy car, so I think CBL needed to refund him any payments he had made during that period. Mr M was without a car for about four and a half weeks, so I think CBL's offer of one monthly repayment was not unreasonable. Usually in a similar circumstances I would consider if 8% simple interest per year should be added to this refunded amount, from the date of payment to the date of settlement, but in this instance, I do not think it would be reasonable to ask CBL to add 8% simple interest because they arranged for the refund swiftly and the small amount of interest was more than covered by the distress and inconvenience payment of £100 they paid to him.

I know Mr M does not feel that £100 fairly compensates him for the distress and incontinence caused to him and his family. However, in this decision, I can only consider the impact this situation had on Mr M, so I cannot consider the impact this had on his family. Furthermore, I've not been given enough evidence for me to conclude that CBL supplying him with a car that is not of satisfactory quality was, most likely, the reason for Mr M directly incurring a financial loss. However, I have considered that this matter did cause him a lot of distress and inconvenience while trying to resolve it. Also, I have taken into consideration everything he told us about the impact this situation had on him, including the distress and inconvenience of having to source alternative transport during the time the car was being repaired. In conclusion, I still think CBL's offer of £100 fairly reflects the impact this situation had on him.

I know that this is not the ideal outcome which Mr M would like and I would like to express my sympathy for the position he is in, as I know it has been a difficult time for him. However, I think CBL is not required to take any further action.

My final decision

For the reasons given above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 2 December 2025.
Mike Kozbial
Ombudsman