

The complaint

Ms M complains about the quality of a car she acquired under a hire purchase agreement with Advantage Finance Ltd (AF).

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

What happened

In April 2023, Ms M entered into a hire purchase agreement with AF to acquire a car first registered in July 2012. At the time of acquisition, the car had travelled around 106,596 miles. The cash price of the car was around £10,450. The total amount payable was approximately £17,602. The duration of the agreement was 51 months consisting of 50 monthly payments of around £322 and a final payment of around £522, which included the option to purchase fee.

Ms M said that six months after she acquired the car its engine blew. So, she contacted AF who arranged for an independent report to be completed.

In November 2023 AF wrote to Ms M and said they are not upholding her complaint because, based on the outcome of an independent report they commissioned (which I will refer to as Report A), it was confirmed that there is not enough evidence to suggest the faults were inherent or at least developing at the point of supply. AF said Ms M would not be responsible for any of the costs incurred in gathering the report and whilst they are unable to ask the garage to cover the cost of repairs for her, they may be able to help her by setting up a reduced payment plan on her agreement. This would allow her to free up some additional funds to cover the cost of the required repairs.

Ms M said that following this she acquired her own independent report (which I will refer to as Report B), which concluded that the car was not fit at the point of sale making it faulty. She said that she supplied AF with the report, and they forwarded it on to the engineer that carried out Report A. Report B findings said that the oil leakage, which caused the engine failure, was there at the point of sale but the engineer of Report A still maintains that it was Ms M's fault. Ms M said that there was no warning light on the panel to alert her to any oil issues and, knowing that the car had a full service at point of sale along with the fact that she only had the car for six months, makes the findings of Report A and AF's decision, very unreasonable. Ms M said that to place the blame on her is not fair because no reasonable person could have come to the same decision. She said that the situation has made it difficult to commute, affected her work, as well as negatively affected her health. She would like AF to either pay for the repairs or replace the car like for like.

As Ms M remained unhappy, she referred her complaint to the Financial Ombudsman Service (Financial Ombudsman).

Our investigator considered Ms M's complaint, but the investigator did not think that the car was of unsatisfactory quality. In summary, the investigator, did not think it would be fair to ask AF to do anything more to resolve Ms M's complaint.

Ms M disagreed 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. Ms 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. AF 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 Ms 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 Ms M's case the car was used, with a cash price of around £10,450. It had covered around 106,596 miles and was almost 11 years old when she acquired it. 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. And AF would not be responsible for anything that was due to normal wear and tear whilst in Ms M's possession.

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

From copies of Report A dated November 2023, when the car had travelled around 112,693 miles (around 6,000 miles since supply) I can see the engineer stated that the engine failed to turn over, battery level was sufficient to start the car, but that the engine made no attempt to rotate. They said there was no oil showing on dip stick and there were the fault codes related to turbo boost, which they said almost certainly were associated with the engine seizure. I can also see that Report B, dated 7 October 2024, states the car had suffered engine seizure which was the result of a lack of oil.

Based on this evidence, it is clear that the car was faulty. But just because the 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 Ms M.

Report A concluded that the car suffered from engine seizure and the engineer said that this was as a direct result of a lack of oil in the sump. They said running the engine with insufficient oil in the sump can and does induce engine seizure which, they said, was consistent with their findings. They also said that there was no evidence of any major oil leakage in and around the engine bay and no evidence of any oil contamination within the exhaust tailpipe. All this was leading them to the conclusion that the engine seizure has been induced by the lack of maintenance. More specifically, the cause was the engine oil not being topped up. The engineer of that report also said that it was the car owner's responsibility (here Ms M's) to check the engine bay levels on a regular basis. So, the report concluded that AF would not be responsible for the cost of repairs. They also said that higher mileage cars, such as the one in question, would require more frequent checks, and that this car's manufacturer states that the engine bay levels should be checked regularly and at a minimum once a month.

Ms M disputed the above findings, and she has also provided her own report (Report B). Report B stated that as there was no warning light on the panel to alert Ms M to any oil issue and, knowing that the car had a full service at point of sale along with the fact that she only had the car for six months, makes the above not fair. The engineer of that report also noted that there was a considerable oil leak noted, which in their opinion, was occurring for some time and was likely present at the point of sale, leading to the conclusion that the car was not of satisfactory quality at the point of supply.

As such, I have considered what both reports have indicated. Both allude to the car likely losing oil. Report B said that the car appeared to be leaking oil for a considerable period of time, and Report A indicated there was no major oil leakage aside from levels of oil seepage expected for a high mileage car, as is the one in question. Alongside the reports I have considered that, at the time of supply, the car had travelled around 106,596 miles and was almost 11 years old. As such, I think it is fair to say that a reasonable person would expect there to be some wear to the car when Ms M acquired it. As a result, I do not think it was unreasonable that there would be some oil seepage around the engine, and I think the oil loss was not significant enough to prevent the car from operating successfully for several months. Ms M was able to drive the car for around six months and cover around 6,000 miles. So, I think, on balance, the eventual failure of the engine was caused due to the car being operated without oil rather than due to a fault that may have been present or developing at the time of supply. I know that it is possible that whatever was causing the engine to lose oil was likely an issue that was present or developing at the point of supply, but considering the price, age, and mileage of the car it is reasonable to expect there to be some wear to it because of this use. There is an expectation there will be ongoing maintenance because there are parts that will naturally wear over time, and it is not unreasonable that Ms M should have been checking the oil level regularly. So, I cannot say, on balance, that the car was not durable or that it was not of satisfactory quality for any other reason.

I know Ms M said that she is not mechanically minded and that the engine oil level warning was not lighting up on the dashboard, but I've also considered what the engineering company that completed Report A said that the manufacturer of her car states that the engine bay levels should be checked regularly and, at a minimum, once a month. They also said that with higher mileage cars, such as the one inspected, the engine bay levels will require more frequent checks. My understanding is that Ms M has not checked the oil even once since supply. Taking everything into consideration, I think it would have been reasonable for her to make sure the oil level is being checked during the period she was

using the car. As such, I do not have enough evidence to conclude that, most likely, the car was not of satisfactory quality.

Ms M has told us a lot about her personal circumstances. While I sympathise with her for all the difficulties that she is experiencing, based on all the information available in this case, I do not think there is sufficient evidence to say that, most likely, AF should be responsible for the faults with the car. As such, I do not think it would be fair and reasonable to ask AF to take any further action regarding these.

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 Ms M to accept or reject my decision before 11 September 2025.

Mike Kozbial
Ombudsman