

The complaint

Miss L complains about a car supplied to her using a hire purchase agreement taken out with Startline Motor Finance Limited ("SMFL").

What happened

In June 2022, Miss L acquired a used car using a hire purchase agreement with SMFL. The car was over four years old, the cash price of the car was £30,926, the agreement was for 60 months, made up of 59 regular, monthly repayments of £563.78, followed by a final payment of £564.78, which included a £1 option to purchase fee. The deposit recorded on the agreement was £4,518.20. The mileage of the car at the point of supply was 42,515 miles.

Around a month after the car was supplied to Miss L, she said she experienced issues with it when an error light appeared on the car's dashboard sporadically. A third-party breakdown company said in their report that they found invalid data from the transmission control module when completing a diagnostic test. But when the vehicle was test driven, it drove with no issues. Notes from the report suggested that the gear lever could have accidentally been touched whilst driving, which may have caused an error in the module. It went on to explain that fault codes were reset, and the car drove with no issues afterwards.

Miss L said issues appeared again around June 2024 and the car could no longer be driven. Miss L believed the issues with the car were in relation to the same issues she experienced to the gearbox shortly after acquiring the car.

Miss L was given an invoice totalling almost £12,000 for the repairs to replace the car's gearbox, among other things. She also explained that the supplying dealership and another third-party offered to cover some of its cost as a gesture of goodwill, but she didn't think she should have to pay for the remaining balance of the repairs.

Miss L complained to SMFL in August 2024 and they issued their final response to Miss L explaining that they didn't uphold her complaint. In summary, they explained that they thought the report from July 2022 confirmed there were no mechanical faults with the gearbox at the point of supply. And that the car broke down again around two years and 27,850 miles later, which they thought also meant the fault with the car wasn't present or developing at the point of supply.

Unhappy with SMFL's response, Miss L referred her complaint to our service in October 2024. She explained that the car was at the repairing garage and that they were intending to charge storage fees until they receive the remaining funds for the repairs carried out. Miss L also explained that her credit file had been impacted due to SMFL reporting the arrears that had accrued on her account.

Our investigator issued their view where they explained that they partly upheld Miss L's complaint. In summary, they explained that they didn't think the car was supplied to Miss L of unsatisfactory quality, so didn't think SMFL needed to pay the remaining balance for the cost of repairs carried out to the car. But our investigator did think that SMFL should pay Miss L

£100 due to misinformation given to her in relation to her options when terminating the agreement.

Among other things, Miss L didn't agree with the investigator's findings in relation to the quality of the car and strongly believed the issue with the car was developing at the point of supply. Miss L did accept the conclusion reached in relation to the misinformation she received from SMFL.

SMFL responded and said they accepted the investigator's findings.

As Miss L disagreed with the investigator's view, the complaint was 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.

Having done so, I'm upholding this complaint and I'll explain why below.

I'm aware I have summarised events and comments made by both parties very briefly, in less detail than has been provided, largely in my own words. No discourtesy is intended by this. In addition, if there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is a fair outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as an alternative to the courts.

Miss L complains about a car supplied to her under a hire purchase agreement. Entering into consumer credit contracts such as this is a regulated activity, so I'm satisfied I can consider Miss L's complaint about SMFL.

Miss L has asked for our service to consider additional points which I can't see she has complained directly to SMFL about – nor has SMFL addressed those in their final response in relation to this specific complaint. So, I will not make any findings on them. My findings below will only consider the complaint points which Miss L initially raised with our service.

When considering what's fair and reasonable, I take into account relevant law and regulations. The Consumer Rights Act 2015 ("CRA") is relevant to this complaint. The CRA explains under a contract to supply goods, the supplier – SMFL here – has a responsibility to make sure goods are of satisfactory quality. Satisfactory quality is what a reasonable person would expect – taking into account any relevant factors.

I would consider relevant factors here, amongst others, to include the car's age, price, mileage and description. So, it's important to note that the car Miss L acquired was used, around four years old, had been driven over 42,500 miles and cost around £31,000. I think a reasonable person would accept that it would not be in the same condition as a new car and was likely to have some parts that are worn.

What I need to consider is whether the car was of satisfactory quality when it was supplied. And in order to do that, I first need to consider whether the car developed a fault.

Had the car developed a fault?

It isn't in dispute here that the car developed a fault. I say this because SMFL hasn't disputed the car developed a fault, and Miss L has supplied an invoice to show that the gearbox was replaced, among other things.

So, I'm satisfied the car had a fault with its gearbox in June 2024.

Was the car of satisfactory quality at the point of supply?

What I now need to consider is whether this fault was present or developing at the point of supply.

Miss L strongly feels the fault was developing at the point of supply. She has supplied a report from July 2022 where fault codes were found in relation to the car's transmission and believes the issue she experienced in July 2022 is linked to the fault identified in June 2024.

On the other hand, SMFL do not believe the two issues are linked as the fault code found in July 2022 was different to the code found in July 2024.

I'm mindful on this occasion that there isn't an independent inspection that had been carried out by an expert mechanic, before repairs were completed, to determine whether the fault identified in June 2024 was present or developing at the point of supply or linked to events from July 2022. I'm also mindful that since the car was acquired (and around the time an issue appeared in June 2024), over 27,500 miles had been driven in the car.

I'm also mindful that while a breakdown report has been supplied from July 2022, no specific fault with the car was identified, other than some fault codes that when reset, appears to indicate the car drove normally.

Considering the above, while I appreciate Miss L's comments here, I haven't seen enough evidence to persuade me that the issue in July 2022 was linked and the same fault that was identified in June 2024. No evidence has been provided to back up what Miss L told our service about the fact that the fault persisted or that it is the same fault.

Given the car had travelled over 27,500 miles and it had been around two years from the point of supply from when the gearbox needed replacing, I'm not satisfied a fault with it was present or developing at the point of supply. I say this because, I don't think the car would have been able to have been driven for that number of miles if an issue with the gearbox was present when the car was supplied. It follows that I'm satisfied the car was supplied to Miss L of satisfactory quality.

Distress and inconvenience

Miss L has explained the issues she faced when complaining to SMFL and in discussing her exit options with them to terminate the agreement. Miss L explains how she was informed that she could exit her agreement through a voluntary surrender, only to be informed later (after she chased SMFL) that this option wasn't available due to outstanding repair costs owed.

Our investigator concluded that SMFL should pay Miss L £100 in recognition of the distress and inconvenience caused by SMFL's mistake. Both Miss L and SMFL accepted the investigator's findings on this matter. As both parties accepted this, I will make no further comment on it, other than to say that I also think this amount is fair in the circumstances.

My final decision

For the reasons I've explained, I uphold this complaint and I instruct Startline Motor Finance Limited to put things right by paying Miss L £100 to reflect the distress and inconvenience caused in relation to this complaint. If Startline Motor Finance Limited has already given

compensation in relation to this specific complaint, the final amount should be less the amount already given.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss L to accept or reject my decision before 8 September 2025.

Ronesh Amin
Ombudsman