

The complaint

Mr G complains about the quality of a used car he acquired through a hire purchase agreement (HPA), financed by 247 Money Group Limited (247).

What happened

In July 2022, Mr G acquired a used car through a HPA, financed by 247. The cash price of the car was around £9,400, with the full amount being financed by 247. Mr G was committed to making 60 monthly repayments of £319.40. The car was around five years old when Mr G acquired it.

In December 2022, Mr G experienced a fault with the car. A diagnostic was carried out in February 2023 which identified the car's gearbox required repairing or being replaced.

Mr G raised a claim through his warranty provider who instructed an independent engineer to inspect the car. The inspection was carried out in February 2023. The car's mileage was noted on the report as being 69,985 at the time Mr G acquired it and as being 76,152 at the time the fault had occurred.

In summary, the engineer's report found the car required a new gearbox and that the original gearbox had failed due to wear caused by a lack of maintenance, specifically that the gearbox oil hadn't been replaced. The engineer concluded that he didn't consider the fault to have been developing at the point Mr G acquired the car and that the fault wasn't the selling agent's responsibility.

Mr G's warranty claim was declined but after some months, as Mr G's finance provider, 247 agreed to cover the cost of the repair, they say, as a gesture of goodwill.

In May 2023, a reconditioned automatic transmission and torque converter were fitted to repair Mr G's car. A replacement battery was also fitted. 247 settled the invoice with the repairing garage and Mr G went on to experience trouble free motoring for around 12 months.

Around May/June 2024, Mr G says the car failed again experiencing a similar fault. Mr G returned to the garage which had completed the original repair and while the fault had occurred just outside the 12-month warranty period the original repair was covered under, he said they agreed to look at the car again and they fixed the issue without further charge.

In August 2024, the car failed for a third time with what Mr G believed to be the same issue and he complained to 247.

As part of their investigation, 247 instructed an independent engineer to inspect the car again. The inspection was carried out in September 2024 and the current mileage was noted on the report as being 84,422. In summary, the engineer's report said the car had travelled 14,638 miles since the previous repair was carried out, which was sufficient mileage for the fault to have developed whilst in Mr G's possession. The report concluded the fault would not have been present at the point of sale, nor was it the result of the previous failed repair

due to the milage covered since then.

247 issued a final response to Mr G in October 2024 but they didn't uphold his complaint. They said, based on the findings of the engineer's report, they were not liable and were unable to assist him further. Unable to resolve things, Mr G referred his complaint to the Financial Ombudsman Service.

Our Investigator looked into things and upheld Mr G's complaint. In summary, he said he didn't think the car was of satisfactory quality at the point it was supplied to Mr G – in particular – that it wasn't reasonably durable. He also pointed out the independent engineer's report instructed by 247 contained an error, in that the car had only travelled 8,270 miles since previously having been repaired, not 14,638 as stated.

Because a previous repair had already been carried out, our Investigator said he thought rejection was a fair remedy and that 247 should now collect the car and end the agreement with nothing further to pay. He also said any repayments made by Mr G during the months he was unable to use the car should be refunded with interest, any adverse data should be removed from Mr G's credit file and that 247 should pay him £150 compensation for the distress and inconvenience caused.

247 let our Investigator know they'd asked the independent engineer to review the report they'd previously carried out. They also said they'd spoken to the garage that carried out the May 2023 repair and that they had no record of completing any further work on the gearbox in May 2024.

247 said they didn't agree with our Investigator's view explaining, based on the inaccuracies pointed out, the independent engineer had amended their report, acknowledging the car had travelled a further 8270 miles at the time of their inspection in September 2024, since the May 2023 repair was completed. The engineer said:

"from an engineering perspective, it would be reasonable to suggest that a reconditioned automatic transmission should last longer than 8,270 miles and also a 16-month period and therefore should be considered by the repairing garage."

The review determined:

"there is evidence of a previous repair in the form of the replacement reconditioned automatic transmission being fitted and as such it has been unsuccessful."

The report also said:

"It is still our opinion that the original fault would not have been the responsibility of the selling agent."

Our Investigator reviewed the new information but said it didn't change his view. He said whilst the first independent inspection carried out in February 2023 said the fault identified wasn't unexpected for the age of the car, 247 went on to fund the replacement gearbox, indicating they retained liability for the quality of the repair.

247 remained in disagreement with our Investigator saying the initial February 2023 independent engineer's report detailed the repair required was not the selling dealerships liability. Instead, 247 said they had funded the replacement gearbox as a gesture of goodwill, simply assisting Mr G and therefore did not accept liability of the original fault, or for the repair going on to fail.

Because a resolution could not be reached, this complaint has come 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 for much the same reasoning as our Investigator. I'll explain why.

But first, where evidence is incomplete or inconclusive (as some of it is here), I've reached my decision on the balance of probabilities, deciding what I consider most likely to have happened in light of the evidence that is available and the circumstances of this complaint as a whole.

I also want to acknowledge what Mr G's told us about the car's gearbox also failing in May 2024. While this is something I've considered, I've not been provided anything to support any repair took place and the garage in question have confirmed to 247, they don't hold any record of having completed any subsequent repair to the gearbox at that time. So, I won't be referring to this failure again in my decision, instead I'll focus on the initial failure in December 2023 and August 2024, when the car failed again.

As this complaint concerns the quality of goods, in this case a used car, supplied through a regulated HPA Mr G entered into, I'm satisfied this is a complaint we can consider.

In considering what's fair and reasonable, I need to have regard to the relevant law and regulations. The Consumer Rights Act 2015 (CRA) is relevant to this complaint. It says that under a contract to supply goods, there is a statutory right for the goods to be of satisfactory quality. It's important to say in this case, the CRA specifically states durability is an aspect considered when assessing if goods are of satisfactory quality.

To be considered satisfactory, the goods would need to meet the standard that a reasonable person would consider satisfactory – taking into account any description of the goods, the price and all other relevant factors.

Here, Mr G acquired a used car which had covered 69,985 miles and cost around £9,400. So, I think a reasonable person would not have the same expectation of quality in comparison to a newer model, which had less mileage on the odometer. But I still think they would expect the car to be free from any major defects and would expect trouble free motoring for both some time and distance.

From the information I've been provided I'm persuaded there was a fault with the car. It's apparent from the initial independent engineer's report that a new gearbox was required. Following the fitting of a reconditioned gearbox, the subsequent independent engineer's report completed in September 2024 was instructed after further reported gearbox issues. The report identified a fault in the form of the car not having any drive in both forward and reverse gears. Having been satisfied the car had a fault, I'll now consider if it was of satisfactory quality at the time it was supplied to Mr G.

Satisfactory quality

My starting point is that an automatic gearbox can be expected to typically last for at least 150,000 miles, although this can be dependent on factors such as, for example, how a car has been maintained.

At the point of the original failure, it had been around five months since Mr G had acquired the car, and he'd travelled just over 6,000 miles in it. In total the car was around 69 months old and had travelled 76,152 miles at the point it first failed.

Under normal conditions I don't think a reasonable person would have expected the part to fail after less than 80,000 miles. However, the initial independent engineer's report completed in February 2023 concluded the gearbox had failed due to the car having been subject to a lack of maintenance, specifically that the gearbox oil hadn't been replaced.

So, I've thought about the engineer's findings carefully, alongside considering what I know about the maintenance of the car prior to its first failure.

247 have provided a paid invoice for a service on Mr G's car dated just days prior to him acquiring it. I can't see the independent engineer was aware of this at the time of carrying out their inspection. The service history for the car at the time was recorded on the report as being *"Not presented at the time of our inspection."*

Regarding Mr G's maintenance of the car, I think any reasonable person would expect a used car, purchased through a dealership to have undergone a thorough service and inspection prior to it being sold on. And while I would expect a car's keeper to ensure regular maintenance is carried out on the car while in their possession, I'm not persuaded a reasonable person should also be expected to know something specific, like the gearbox oil needing to be checked and possibly replaced, would be required at least not while the car had only been in their possession for such a short amount of time.

So, on balance, I'm persuaded the car was not of satisfactory quality when it was supplied to Mr G, specifically that the gearbox was not reasonably durable and that it failed too soon.

But in any case, 247 paid the invoice due to the garage for the repair. While 247 say this was purely as a gesture of goodwill to assist Mr G, I've seen nothing from the time to confirm this, nor have I seen anything to show Mr G accepted the repair without 247 accepting any liability for the fault that had occurred.

Having looked at the limited information available to me, I can see the repair was completed in May 2023, around three months after the initial independent engineer's report was issued. Mr G says the delay was due to the parties fighting over who should cover the cost.

So, on the balance of probabilities, I think it's more likely than not that 247 agreed to pay the repair costs because neither the warranty company, nor any other third-parties involved in the sale would agree to. And I've seen nothing to persuade me this was purely as a gesture of goodwill, without any liability for the quality of that repair.

The repair only lasted while the car covered an additional 8,270 miles, encountering further gearbox issues around August 2024. The fault was detailed in the second independent engineer's report issued the following month. I don't think any reasonable person would expect a replacement gearbox, albeit reconditioned, to fail so soon after being fitted. Instead, I think it would be reasonable to expect it to last considerably longer than it did. So, I'm also satisfied the repair, paid for by 247 in May 2023, failed prematurely.

So, in summary, I'm satisfied the car wasn't of satisfactory quality when it was supplied to Mr G, because the gearbox wasn't durable. And that whilst 247 funded the repair of the car, that repair failed – and 247 needs to do something to put things right.

Putting things right

As I've concluded Mr G was supplied with a car that wasn't of satisfactory quality when it was supplied to him, it's fair 247 put things right for him. 247 funded the car being repaired in May 2023, but for the reasons I've explained why I'm satisfied that repair failed, so I think Mr G has the right to reject the car now.

I also don't think it's fair for Mr G to have paid for hire of the car when he hasn't been able to use it. Initially when the car failed, the diagnostics identified a replacement gearbox was required in February 2023, but the car wasn't repaired until May 2023. Then when the car failed again in August 2024, Mr G hasn't been able to drive the car since. Mr G wasn't provided any replacement means of transport while he was unable to drive the car, so I think it's fair the payments he made towards the agreement during those months are refunded.

Finally, as Mr G has incurred distress and inconvenience because of being supplied a car of unsatisfactory quality and the failures the car went on to suffer, I consider it reasonable for 247 to make an additional payment to reflect the impact it has had on him. So I think £150 in compensation is reasonable in the circumstances.

My final decision

My decision is that I uphold Mr G's complaint and instruct 247 Money Group Limited to:

- end the agreement with nothing further to pay;
- take back the car from Mr G without delay and without any cost to him;
- refund Mr G all rentals for the period between February 2023 and May 2023, and from August 2024 until the date of settlement as he had no use of the car at these points;
- pay interest at 8% simple per year on all payments refunded to Mr G from the date of each payment until the date of settlement;
- remove any adverse information applied to Mr G's credit file in relation to the agreement.
- pay Mr G £150 in compensation for distress and inconvenience.

HM Revenue & Customs requires 247 to deduct tax from the interest payment referred to above. 247 must give Mr G a certificate showing how much tax it's deducted if he asks them for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 5 August 2025.

Sean Pyke-Milne
Ombudsman