

The complaint

Miss A complains that a car acquired under a hire purchase agreement with STARTLINE MOTOR FINANCE LIMITED ('Startline') wasn't of satisfactory quality.

Miss A is represented in this complaint, for ease of reference I have referred to Miss A throughout this decision.

What happened

In February 2023, Miss A was supplied with a car through a hire purchase agreement with Startline. The car was about five years old and had covered approximately 48,000 miles when the agreement started. The agreement was for 60 months, and the cash price was £9,698.

Soon after acquiring the car Miss A said, she experienced problems with it, in May 2023 it went in for a repair with the supplying dealership which involved a replacement engine. There were multiple issues with the vehicle, and it had gone in for repair on several occasions.

Miss A raised a complaint with Startline but didn't hear back and so referred her complaint to our Service. During this time Startline upheld Miss A's complaint, amongst other things it offered to unwind the agreement and retain 23 monthly payments based on fair use. Miss A didn't accept this offer and said Startline hadn't gone far enough to put things right.

Our Investigator looked into things and upheld the complaint. In short, he said Startline should not be entitled to retain all 23 monthly repayments as there were long periods of time Miss A was without the car. Amongst other things he also recommended £300 compensation for the distress and inconvenience.

Miss A accepted the Investigator's findings, but Startline didn't. It said it was reasonable to ask Miss A to pay for the damage to the car it had seen. Startline also provided a quote to repair the damage, to support the costs it said were involved. It also didn't agree with the fair usage recommendation. The Investigator didn't change his conclusions, so the case has been passed to me to make a final decision.

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've reached the same overall conclusions as the Investigator, and for broadly the same reasons. If I haven't commented on any specific point, it's because I don't believe it affected what I think is the right outcome.

The hire purchase agreement entered by Miss A is a regulated consumer credit agreement and this Service is able to consider complaints relating to it. Startline is also the supplier of the goods under this type of agreement and responsible for a complaint about its quality.

The Consumer Rights Act 2015 (CRA) covers agreements like the one Miss A entered. Because Startline supplied the car under a hire purchase agreement, there's an implied term that it is of satisfactory quality at the point of supply. Cars are of satisfactory quality if they are of a standard that a reasonable person would find acceptable, taking into account factors such as the age and mileage of the car and the price paid.

The CRA also says the quality of goods includes the general state and condition, and other things such as its fitness for purpose, appearance and finish, freedom from minor defects and safety can be aspects of the quality of the goods.

Satisfactory quality also covers durability. For cars, this means the components must last a reasonable amount of time. Of course, durability will depend on various factors. In Miss A's case the car was used and covered approximately 48,000 miles and was about five years old when she acquired it. So, I'd have different expectations of it compared to a brand-new car.

The car had travelled a reasonable distance, and it is fair to expect there to be some wear to it because of this use. As with any car, there is an expectation there will be ongoing maintenance and upkeep costs. And 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.

I've considered Miss A's testimony, and from the evidence provided by both sides, I can see it is not in dispute there are issues with the car. The part about Miss A's complaint about the quality of the car has already been accepted by Startline. I say this because it has agreed to end the finance agreement with nothing further to pay and collect the car. It has agreed to refund the deposit and pay the recommended compensation for the distress and inconvenience caused. But it maintained Miss A was liable for damages and it didn't think it should refund Miss A rentals from October 2024 (which is when Miss A says she stopped using the car.).

Startline say Miss A should pay for the damage she caused to the car. To support what it's said about the damage it has provided several pictures of the exterior of the car. The pictures were taken at a site away from Miss A's home address by an agent of Startline. The pictures show that the agent didn't use measuring tools to demonstrate the scale of the damage it had seen.

In addition to the pictures Startline has sent us a quote for the repair work needed to the car, the quote lists the repairs and estimates the repair cost to be £1,000 plus VAT. I can see that the quote lists general paint work with repairs to alloy wheels. In contrast Miss A has also provided pictures of the car's exterior, the pictures show the car's general condition but don't specifically focus on any part or panel. Startline say Miss A caused the damage to the exterior of the car, but Miss A maintains that she did not, and any damage caused was a result of the dealership handling the car.

So, I've thought about the guidance given to businesses providing car finance, when a customer returns a car under the type of agreement Miss A had. The British Vehicle Rental and Leasing Association ("BVRLA") guidelines from when the car was collected are relevant here. They say:

"All readily apparent damage and wear, including that deemed normal wear and tear, will be documented when the vehicle is collected. The driver will be given the opportunity to agree with the condition of the vehicle at the point of collection".

The BVRLA place a responsibility on Startline to show where any damage it intends to charge for, exceeds a fair wear and tear standard. I've said that the photographs Startline

has sent us don't contain measurements for the various scratches and damage to alloy wheels its summarised.

Without any sort of measurement, I don't think it's clear from the photographs as to the extents of the damage. I also think the lack of a report carried out by the agent who collected the car make it difficult to correlate the damage it told us about.

Overall, I don't think Startline has demonstrated that the damage it summarised was caused while Miss A had the car. And I'm not persuaded Startline has shown how the extent of the damage goes beyond fair wear and tear.

In all the circumstances I think it would be unfair for Startline to hold Miss A responsible for the damage it had identified when it took back the car.

Miss A has been able to drive the car for most of the time whilst it was in her possession, so I think it's only fair she pays for this usage. But given the issues with the car I'm satisfied Miss A's usage and enjoyment of the car has been impaired. Because of this I think Startline should refund some of the payments Miss A made, in particular whilst the car was undergoing repairs. The car was off the road and undriveable between 17 April 2023 to 5 May 2023, 30 May 2023, 10 August 2023, 29 September 2023 to 20 October 2023, 14 November 2023 to 24 November 2023 and 30 January 2024.

During these periods she wasn't provided with a courtesy car but was still paying Startline, so therefore paying for goods she was unable to use. As its not disputed the car was of unsatisfactory quality when it was supplied to Miss A, for which Startline are responsible, I don't think it's fair it charges Miss A for these periods. So, I will be directing it to refund the rentals to cover these periods.

The car has been undriveable since October 2024, this is confirmed by the independent inspection report and Miss A has provided evidence which demonstrates she paid for alternative transport from this date. So, I'm satisfied she no longer used the car from October 2024 until it was returned to Startline. As such, she was paying for goods she was unable to use and so I'm satisfied Startline should reimburse Miss A the monthly payments she made from October 2024 to the date of collection.

Putting things right

For the reasons explained above, STARTLINE MOTOR FINANCE LIMITED should:

- end the agreement and collect the car with nothing further to pay;
- refund Miss A's deposit contribution;
- refund a pro-rata equivalent of the rentals Miss A paid for the periods outlined in my findings above;
- refund all monthly repayments from October 2024 to the date of settlement to cover loss of use;
- refund Miss A £200 for additional expenses incurred;
- pay 8% simple yearly interest on the refunds calculated from when Miss A made the payment to the date of the refund;
- pay Miss A £300 to compensate her for the distress and inconvenience caused by

being supplied with a car that wasn't of satisfactory quality;

- remove any adverse information from Miss A's credit file in relation to the agreement.

My final decision

My final decision is that I uphold this complaint and require STARTLINE MOTOR FINANCE LIMITED to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 14 July 2025.

Rajvinder Pnaiser
Ombudsman