

## **The complaint**

Miss I complains about the quality of a car she acquired under a hire purchase agreement with Zopa Bank Limited (Zopa).

When I refer to what Miss I and Zopa have said and/or done, it should also be taken to include things said and/or done on their behalf.

## **What happened**

In December 2024, Miss I entered into a hire purchase agreement with Zopa to acquire a used car. The car was first registered in September 2016. At the time of acquisition, the car had travelled approximately 70,868 miles. The price of the car was approximately £8,000. The total amount payable under the finance agreement was approximately £10,997.10. The duration of the agreement consisted of 48 monthly repayments each of around £229.11.

Miss I said that on 28 January 2025, the car developed a fault with the electronic parking brake system, rendering it non-functional. Miss I said on 29 January 2025 she visited a third-party garage who could not fully diagnose the car but gave her the error codes they could find and advised her to see the car's main dealership. Miss I said that the supplying dealership/broker refused to see the car, and on 31 January 2025, she visited a second garage who also advised her to see the main dealership to have the car diagnosed.

On 10 February 2025, Miss I told Zopa that she would like to return the car, as the dealer is not willing to repair it. She said they acknowledged the issue and confirmed that the one opportunity to repair is on them. However, Miss I said that she was informed that for her to get any repair, she would need to visit a garage and get a quote. This is so they could assess whether they would accept the repair. Miss I said that she was also informed she could not visit the main dealership, as they would not agree to that repair. She feels that Zopa placed the full responsibility and burden of getting the car repaired on her, with no guarantee that they would pay for the repair.

On 14 February 2025, Miss I contacted Zopa again asking them what would happen if she could not get a quote, but she said Zopa was not able to give her an answer. Another third-party garage, on the same day, could not diagnose the car and recommended she take it to the main dealership. 15 February 2025, Miss I sent a letter to Zopa to reject the car, after they failed to offer any suitable repair solutions. Miss I said that between 17 February 2025 and 27 February 2025 she had email exchanges with the supplying dealership/broker who informed her that the car dealership is prepared to see the car, if the car warranty cannot fix it. However, she said, that none of those exchanges led to a solution complying with the Consumer Rights Act 2015 (CRA). On 27 February 2025 Miss I stopped driving the car and stopped making the finance payments on her agreement.

On 26 February 2024, Zopa wrote to Miss I. In this correspondence they said they contacted the broker who advised that they already investigated this matter previously, and that the supplying dealership are prepared to undertake repairs to resolve the issues either on site, or through the car's warranty provider. Also in this correspondence, Zopa said that previously on 25 February 2025 they have emailed Miss I to explain they were prepared to

ask the broker to arrange for the dealership to undertake repairs to the car at her convenience. However, they also understand that she is unsatisfied with the offer of the selling dealership repairing the car, as she now believes that she has the right to reject it. Finally, Zopa explained that, as the supplier of the car, they should have one opportunity to repair the issues with the car.

They indicated that Miss I would not have the right to reject the car at this stage, as this would be her right only if faults were raised within the first 30 days, or once the repair has failed. They told her that she should liaise with the supplying dealership to agree a date for the repairs to be completed. They also explained that the car finance agreement had not been mis-sold to her just because she was not informed that she was not entitled to repair the car at the main dealership. Zopa said that this is not something they need to disclose at the point of sale, and that any goods purchased under a hire purchase agreement are covered under the CRA. They have also offered to pay Miss I £100 compensation.

Miss I was not happy with this as she said this puts the responsibility on her to organise the repair, and also does not confirm who will pay for: bringing the car to the dealer, and the car's faults assessment, and finally the repair. She also said it is an inconvenience for her to drive a faulty car to the garages as she works full time. Since Miss I remained unhappy, she referred her complaint to the Financial Ombudsman Service (Financial Ombudsman).

Our investigator considered Miss I's complaint and issued more than one opinion on this complaint. But in the last opinion the investigator thought that Zopa, as the supplier of the goods, should have one opportunity to repair the car. The investigator was of the opinion that Miss I should not be refunded for the payments and expenses she has incurred after 26 February 2025. They felt that after this point, the delays have been caused by Miss I not accepting the proposed repairs to the car. The investigator also believed that Zopa should refund Miss I the payments due under the agreement for the period the car will be repaired, if a suitable courtesy car cannot be provided for this period. Finally, they felt that the £100 compensation offered by Zopa to Miss I was reasonable, given the problems she reported with the car.

Miss I 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. Miss I acquired the car under a hire purchase agreement, which is a regulated consumer credit agreement. Our service can look at these sorts of agreements. Zopa 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.

Also, I can only consider the actions/inactions of Zopa and only the aspects they are responsible for, and I cannot look at certain actions and/or inactions of the dealership which Miss I said she is unhappy about. So, in this decision I only focused on the aspects I can look into. And, I am only looking at the events that have been raised by Miss I with Zopa, the ones they had an opportunity to address in their correspondence sent to her in February 2024.

The Consumer Rights Act 2015 (CRA) covers agreements such as the one Miss I 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 Miss I's case the car was about eight years old, with a cash price of around £8,000. It had covered around 70,868 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. Also, as with any second-hand cars, it is more likely parts will need to be replaced sooner or be worn faster than with a brand-new car. So, Zopa would not be responsible for anything that was due to normal wear and tear whilst in Miss I's possession. But given the age, mileage, and price paid, I think it's fair to say that a reasonable person would not expect anything significant to be wrong shortly after it was acquired.

First, I considered if there were faults with the car. Based on the fault codes and the third-party garage stating that the car needs to be examined by the main dealership, it seems the car was faulty. Also, I do not think I need to go into a lot of detail regarding the car's faulty status, as Zopa are not disputing this aspect of the complaint. However, just because a car was faulty does not automatically mean it was of unsatisfactory quality when supplied. So, I have considered if the car was of unsatisfactory quality when it was supplied to Miss I.

I agree with our investigator who said that the car was of unsatisfactory quality when supplied. Miss I had the car for less than two months before she raised the issue with the car's braking system. During this time, she managed to drive the car for only around 1,000 miles. So, given the age, mileage of the car, and the price paid, combined with how quickly Miss I raised the issue, I do not think this was a cost a reasonable person would expect to bear, or faults that would be expected to arise in the time frame Miss I has experienced. As such, I think most likely the car was of unsatisfactory quality when supplied. Also, as mentioned previously I'm not assessing this aspect of the case in more detail, because Zopa is not disagreeing that the car was of unsatisfactory quality because of the faults rendered.

Miss I thinks that she should be entitled to reject the car. In summary, she feels that the dealership/broker/Zopa were given enough time to fix the car. She said she raised the issues with the supplying dealership, but they initially ignored her. Also, she feels the responsibility to organise the repair should not be hers. In addition, she said that Zopa had not confirmed who will pay to bring the car to the dealer, who will pay for its assessment, and eventually its repair. She also acknowledged that it is an inconvenience for her to drive a faulty car to the garages as she works full time. To support her arguments why she thinks she should be allowed to reject the car Miss I has quoted different parts of the CRA.

I've taken everything that Miss I has said and provided, but the CRA sets out that Miss I 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 she would need to ask for the rejection within that time. Miss I would not be able to retrospectively exercise her short term right of rejection at a later date. I cannot see that Miss I has exercised this option within 30 days of taking possession of the car.

The CRA does say that Miss I 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 she would not have the right to reject the car until she has exercised her right to a repair first – this is called her final right to reject. This would be available to her if that repair had not been successful.

Miss I has mentioned that Zopa should not be given a second opportunity to repair the car, and she feels that she has rejected the car as per her right under the CRA. However, having seen all the correspondence available in this case, I can see that Zopa is willing to repair the car and I see that no actual attempt at a repair by Zopa has taken place. So, considering all the circumstances of this complaint I do not think it would be fair and reasonable for Miss I to exercise her right to reject the car.

I can see Zopa told her that she should liaise with the supplying dealership to agree a date for the repairs to be completed. As such, I think after Zopa's correspondence dated 26 February 2024, it would have been reasonable for her to contact the supplying dealership/broker to arrange the needed repairs. And, had she any trouble contacting those businesses, I think most likely, Zopa would have provided assistance with this. I know that Miss I has questioned who will pay for the diagnostic and the repairs, but I have not seen enough evidence to be able to say that, most likely, Zopa gave her the impression that she would be the one that will need to cover these costs. On more than one occasion it was communicated that they are willing to do a repair. Had she wanted more specific answers around the process of getting the car repaired, I think it would have been reasonable for her to enquire further with Zopa, especially as they were trying to reach out to her and even asked if she wanted to speak on the phone to get further clarifications.

Miss I stopped using the car after 26 February 2024. I do not think it would be fair and reasonable that she should be refunded the payments and the expenses she has incurred after this date. This is because, I think, she should have exercised her right to repair the car. However, I do think that Zopa should refund Miss I the cost of her payments under the agreement during the period the car will be repaired, if a suitable courtesy car cannot be provided for this period.

Also, I do not think that Zopa needs to remove any adverse information recorded on Miss I's credit file in relation to this credit agreement. This is because, I think, Miss I should have exercised her right to repair the car, and it was her choice to stop making the payments toward the finance agreement. I just want to remind Zopa of their obligation to treat Miss I fairly and with forbearance when dealing with any arrears on the finance agreement.

I know Miss I feels that at the time of sale she should have been told that if there are any repairs required, that she might not be able to have these done at the main dealer. But it is up to Zopa, the supplier, to decide where they repair the car. If they choose to collect the car and take it to the supplying dealership, that is an option available to them. This assumes that, once the fault with the braking system is repaired, they will deliver the car back to Miss I without her incurring any cost. This is because they supplied Miss I with the car of unsatisfactory quality, so under the CRA they are responsible for carrying out the repairs within a reasonable time and without significant inconvenience to Miss I. As such, Zopa

should arrange and carry out the repairs to the car's braking system at no cost to Miss I and within a reasonable timescale.

Miss I has told us a lot of information about her family and life circumstances and I do sympathise with Miss I for the difficulties that she is experiencing, and the difficult position she finds herself in, but based on all the information available in this case, I do not think it would be fair and reasonable for her to be able to exercise her CRA right to reject the car at this time. However, I have considered that this matter caused Miss I distress and inconvenience when trying to resolve it. She had to take the car to several garages when she was trying to have the issue diagnosed, as instructed by the supplying dealership. I think she would not have had to do so, had Zopa supplied her with a car that was of a satisfactory quality. So, I think the £100 Zopa offered fairly reflects the distress and inconvenience caused.

### **My final decision**

For the reasons given above, I uphold this complaint and direct Zopa Bank Limited to:

1. Arrange and carry out the repairs to the braking system on the car at no cost to Miss I and within a reasonable timescale;
2. Refund Miss I the cost of her payments under the agreement during the period the car will be repaired, if a suitable courtesy car cannot be provided for this period;
3. Pay Miss I £100 compensation, if this has not yet been paid;

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

Mike Kozbial  
**Ombudsman**