DRN-5568348

The complaint

Mr A complains Creation Consumer Finance Ltd (Creation) provided a car under a car finance agreement which wasn't of satisfactory quality.

What happened

Mr A entered into a hire purchase agreement with Creation on 18 November 2022 in order to acquire a used car. The total cash price of the vehicle was £25,949 and he paid an advance payment of £7,200. The duration of the agreement was 60 months and the total amount repayable was £31,321. He was to pay monthly repayments of £401.85 with a final option to purchase fee of £10.

Shortly after he acquired the car the engine management light (EML) came on and Mr A returned the car to the dealership. It looked into things in December 2022 and January 2023. On 25 January 2023, a technician inspected the car and completed a job card. The fault codes were cleared, and the car was test driven and returned to Mr A. There was further correspondence about the car with the dealer after this. Mr A has said he was provided with coolant and told to keep the car topped up. When Mr A's three-month warranty ended, he took out extended warranty with a manufacturer garage.

Mr A said the EML came on again in May 2023 when he took it into the garage. He also said it came on in July 2023 and he booked it in for a service. At this point the ignition coil was replaced, and coolant loss was noted. The servicing garage and the service report confirmed the spark plugs had been replaced. Mr A said there were further occasions when he took it to the garage after the EML illuminated and it was cleared.

In March 2024, the car broke down and a breakdown recovery service was called. It was reported that the EML was illuminated and there was cylinder two misfire. Mr A booked it into the garage in May 2024. Mr A said the car remained in the garage and he was given a courtesy car. The car was inspected in October 2024, and the technician write up confirmed there was misfire on cylinder two and there was damage to the engine which meant it required replacement. Mr A was quoted £17,043.48 for the repairs.

Therefore, Mr A complained to Creation about the quality of the car in November 2024 and Creation responded. It confirmed the car had been serviced in 2020, 2021 and 2022 prior to Mr A acquiring it. It said there was no evidence that the fault existed at the point of sale and during inspections and there were no active faults. It said it couldn't accept liability for the cost of the engine replacement. It also noted the car had not received its scheduled service in 2024. It didn't uphold the complaint.

Mr A remained unhappy with the response. So, he asked our service to investigate. Our Investigator felt the complaint should be upheld. This was because there had been evidence of an engine fault shortly after Mr A had acquired the car and which had not been resolved. The fault in October 2024 was also related to the engine and seemed to be linked to similar fault codes present in December 2022 and January 2023. Therefore, our Investigator felt there was sufficient evidence to say the fault had been present and developing at the point of sale. In any event, she felt that such a fault indicated the engine wasn't sufficiently durable. She felt Mr A ought to be allowed to reject the car.

Mr A broadly accepted the findings and discussed his thoughts with our Investigator. He raised a concern about the courtesy car he had been using and had been asked to return. There has been further correspondence about how Creation should put things right with both parties.

Creation didn't agree with our Investigator's view. In summary, it said:

- There is no verified evidence that any fault existed at the point of sale in November 2022. Independent inspections in early 2023 confirmed there were no active faults.
- This was a four-year-old car with over 41,000 miles at the time of sale. Reasonable wear and tear, ongoing maintenance obligations, and the inherent risk of future repairs or maintenance is to be expected. The Consumer Rights Act 2015 (CRA) does not provide indefinite protection against faults arising from age-related deterioration, insufficient maintenance, or misuse following purchase. Mr A used the car for over 21 months and nearly 8,000 miles before the alleged critical fault arose. The car performed satisfactorily well beyond the point of sale, aligning with reasonable expectations for a used car of this age and mileage.
- No faults were identified in the pre-delivery inspection report, MOT, and service before the car was supplied. The first report of an intermittent EML occurred in December 2022, several weeks post collection. It was inspected and no EML was present, and no active faults were detected. A technician completed a full inspection on 25 January 2023 and said the management system was functioning correctly, with no faults present after diagnostics and a successful test drive. The technician's report does not confirm any active misfire in January 2023. In February 2023, the warranty provider diagnosed a stuck crankcase ventilation valve – a typical wear-and-tear issue. There's no evidence that Mr A proceeded with repairs. The crank case ventilation fault identified was unrelated to cylinder misfire and was a distinct and manageable issue.
- There is no contemporaneous evidence suggesting an engine replacement was recommended until October 2024, nearly two years and thousands of miles after purchase.
- A broken spark plug was discovered in March 2024, which had been replaced by a garage in July 2023. It is impossible for this fault to have existed at the point of initial hire. The engine failure is the result of a substandard service, compounded by the consumer's failure to seek timely remedial action. This combination of factors led to the eventual mechanical failure.
- Spark plugs were replaced at various points. The initial spark plugs fitted post-sale were attributable to a garage on 4 July 2023. In March 2024, Mr A was advised that a "garage [was] recommended…" But the recommendation was not acted upon for two months.
- The original misfire fault should be considered collectively with the other fault codes which were identified. When considered collectively, they indicate a likely temporary air leak caused by a sticking crankcase ventilation actuator, rather than a fault isolated to cylinder number two. It is essential that a diagnostic assessment considers the combination of fault codes present, rather than attributing cause to a single issue. Therefore, the faults identified should be viewed as coincidental rather than evidential in the context of this claim. The car continued to be used for 12 months without intervention.

- A defective ignition coil pack or a burnt exhaust valve would not result in a cracked spark plug ceramic. Such damage would only occur due to an external factor – namely, that the spark plug was compromised either prior to or during its replacement on 4 July 2023. The customer has stated that the EML illuminated shortly after this service; however, there is no evidence of any remedial action undertaken during the eight months between the service date and the subsequent breakdown in March 2024.
- Operating the vehicle for eight months and covering a distance of 4,133 miles without addressing the damaged spark plug has directly contributed to the burnt exhaust valves in the affected cylinder.
- An alleged defect occurred more than six months after the date of delivery, the burden of proof rests with the complainant to demonstrate that the car was not of satisfactory quality (CRA 2015, s.19(14)). The chronology of faults and the involvement of third-party garages during the time the alleged defect arose make it impossible to say with confidence that the burnt valve existed or was detectable at the point of sale. Without robust, contemporaneous and independent evidence to establish causation, the legal test under the CRA is not met.
- It referred to decisions from the Motor Ombudsman whereby it had found that if a defect is not present, evidenced or diagnosable at the time of sale, a complaint under the CRA is unlikely to succeed.
- It would expect a finding that the car was not of satisfactory quality to be supported by a qualified independent mechanical engineer's report, technical linkage between the diagnosed valve issue and the crankcase air leak noted over a year prior, justification that any reasonably competent technician could or should have identified such a fault at the time. In the absence of such evidence, any ruling would be procedurally unfair and inconsistent with established precedent.
- The car was not serviced in 2024 when it fell due and Mr A needed to monitor the coolant levels.
- The cost for an engine replacement for this make and model of car is less than what has been quoted by the garage and seems wholly disproportionate and inconsistent with industry norms. There is no evidence establishing a causal link between any fault present at the point of sale and an alleged engine fault.

As Creation didn't agree to our Investigator's findings, 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.

In considering what is fair and reasonable, I need to have regard to the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider to have been good industry practice at the relevant time.
The agreement in this case is a regulated consumer credit agreement. As such this service is able to consider complaints relating to it. Creation is also a supplier of the goods under this type of agreement, and responsible for a complaint about their quality.

The CRA is of particular relevance to this complaint. It says that under a contract to supply goods, there is an implied term that "the quality of goods is satisfactory".

The CRA says the quality of goods are satisfactory if they meet the standard that a reasonable person would consider satisfactory taking into account any description of the goods, the price and all the other relevant circumstances. So, it seems likely that in a case involving a car, the other relevant circumstances a court would take into account might include things like the age and mileage at the time of sale and the vehicle's history.

The CRA says the quality of goods include their general state and condition and other things like their fitness for purpose, appearance and finish, freedom from minor defects, safety, and durability can be aspects of the quality of goods.

The car

My starting point is that Creation provided a car which was around four years old, and which had travelled 41,609 miles. Therefore, it's unreasonable to expect it to be in an 'as new' showroom condition as it would have been when first supplied. It's reasonable to expect there might be some wear and tear, and that it might need maintenance and repair sooner than a car which was new or less travelled. However, even though the car wasn't brand new and it had travelled some miles, it still needed to be of satisfactory quality.

Is there a fault?

A report from the garage confirmed there were a series of issues and concluded:

> *"No.2 cylinder exhaust valve burnt damaging valve seat – broken spark plug ceramic caused damage to cylinder head & cylinder bores on No.2 cylinder – evidence of damage to other cylinder bores from debris. Requires replacement engine."*

The cost of a replacement engine was given as £17,043.48. Therefore, I'm satisfied there is a fault relating to the engine of this car.

Satisfactory quality

Although I'm satisfied there is a fault with the vehicle it doesn't automatically mean the complaint should be upheld. I must now consider whether there is evidence to show the fault was likely to have been present or developing at the point of sale, or that the car (or components of the car) was not sufficiently durable.

Firstly, I note Mr A reported the EML being illuminated in December 2022 and January 2023. The job card from 25 January 2023 confirms the car had travelled 42,817 miles and this was very shortly after he acquired the car. The dealership noted the following fault codes:

- P052E71 - *The valve for crankcase ventilation has a malfunction.*
- P030085 - *Combustion misfiring has been detected. There is a signal above the permissible limit value.*
- P030285 - *Combustion misfiring of cylinder two has been detected. There is a signal above the permissible limit value.*
- P119012 - *Sensor "intake air pressure" has a short circuit to positive. There is a short circuit to positive.*

I note amongst other faults, there was a fault code relating to misfire of cylinder two. The job card and technician report confirmed the faults had been investigated, it had pressure tested the coolant, deleted the faults and completed a test drive. In correspondence between the dealership and Creation, the dealership confirmed the faults were deemed historic. The technician report confirmed further investigation should be carried out if the EML came on again. I note after the date of the job card, Mr A emailed the dealership again explaining the EML had illuminated. Whilst I note Creation's point about a problem not being diagnosable at the time, it seems the EML was presenting intermittently, and the technician had noted further investigation might be needed. This was requested by Mr A.

In submissions to our service the dealership explained the technician diagnostic did not identify a cylinder valve fault but recorded a multi-cylinder misfire attributable to a crankcase air leak, not a mechanical defect. I've listened to a call with the warranty company which confirmed the car was reported on 1 February 2023 because the EML was on. The report had identified a crankcase ventilation valve malfunction, and a recommendation had been made for six hours of work to renew the valve. But it doesn't seem this was acted upon and there is no further information in relation to this.

Again, I'm mindful this was only a few months after the car had been supplied and still within the initial warranty period. There was no other information in relation to this particular issue. I've seen emails from Mr A to the dealer on 26 January 2023 and 31 January 2023. Mr A sent the technician's report and a picture of the EML. He asked for the car to be booked in urgently and for it to be resolved. He has said in his testimony that the car was returned to him, the EML was cleared, and he was told he needed to keep the coolant topped up. Whilst I can't say with certainty exactly what happened, Mr A has told us he kept taking the car back to the dealer and was attempting to have the problems repaired, he emailed and called the dealer and was told the faults had been cleared. So, he seems to have understood the problem to be resolved at the time. He also purchased the extended warranty. Overall, I find it unlikely he wouldn't have followed up on any outstanding repairs.

The service report from July 2023 doesn't indicate that any faults were reported at this time and I note the spark plugs were replaced. At this point, the car had completed 45,433 miles. The ignition coil was replaced, and coolant loss had also been noted when the car was taken to the garage. Mr A said the EML came on again after this and he took it back into the garage on occasion. Creation raised concerns the problem had arisen because Mr A hadn't maintained the car. However, the vehicle service history provided by the garage supports what Mr A has said. For example, I can see entries for August 2023, and a vehicle health check was carried out in October 2023.

Following this, the car broke down on 1 March 2024 when it reached 49,556 miles. The breakdown report confirmed Mr A had reported the EML was illuminated, it completed a diagnostic check and found relevant faults with cylinder two misfire. It confirmed it had put in a new spark plug and the vehicle was ok at the time of the test. However, a garage visit was recommended. I understand the car was in the garage again in May 2024 and July 2024. Creation had raised concerns that Mr A didn't take it to the garage, but he has explained this is when he was able to book it in.

The report from a technician in October 2024 confirmed again that there was misfiring of cylinder two. The car had completed 50,889 miles at this point. I note the technician write up confirmed *"Misfire fault on cylinder no.2 previous short tests dating back beyond March this year…"* This note seems to suggest the present of the fault for some time. As mentioned above, the engine was identified as being damaged and in need of replacing.

Weighing up the evidence I have, I think there is a fault with the engine which is likely to have been present and developing at the point the car was supplied. The fault codes indicated a problem with the engine in December 2022 and January 2023, and Mr A reported an illuminated EML. This was very shortly after he acquired the vehicle. In particular, it noted misfire of cylinder two. This was something which was referenced when the car broke down in March 2024 and when the garage inspected it in October 2024. So, it seems to me more likely than not the fault with the engine was present or developing at the point the vehicle was supplied to Mr A.

I also note Creation's comments about the burden of proof here and it is concerned about the technical evidence. I'm satisfied I have sufficient evidence to be able to make a decision, on balance, about this complaint. The evidence I have (including job cards, technician write ups, notes from the garages and testimony from the parties) persuades me the fault was present or developing at the point of supply. This is particularly given how soon after Mr A had collected the car that fault codes were noted in relation to a problem with the engine. In particular, misfire of cylinder two seems to have been noted throughout and in October 2024 fault codes relating to this were present when Mr A was told the car needed a new engine.

I have noted Creation's comments that there was no service in July 2024 in line with manufacturer's recommendations. However, I'm not persuaded this meant Mr A failed to maintain the vehicle in such a way which meant he caused these issues. The service report from July 2023 confirmed the next service was due in July 2024. So, it was only three months from when the service had fallen due that Mr A was told the engine needed replacing. Additionally, Mr A has told us he had use of a courtesy car from May 2024 because the car was in the garage when the service fell due. So, I'm not persuaded he's acted unreasonably or contributed to the issues here.

I note Creation feels the misfire issues which occurred were more likely because of faulty installation of the spark plugs by a third party. It said a defective ignition valve or burnt exhaust valve would not cause a crack ceramic spark plug and it's more likely to have been compromised during replacement.

However, I must consider what I think is most likely to have happened based on the evidence I have. Although not impossible, spark plug replacement is a relatively routine maintenance task and I think it's unlikely that the servicing garage would have carried out a faulty installation or compromised it. I also note the ignition coil was replaced under warranty, but again I don't think it's likely this caused the issues identified in October 2024. Moreover, as already highlighted, it seems problems had already shown up in the fault codes which had been noted prior to the work in July 2023. I'd also note a burnt exhaust valve can cause damage to a spark plug for a variety of reasons including excessive heat which can cause a spark plug to crack.

I appreciate Creation have said they don't agree the fault was present or developing at the point of sale. Notwithstanding this, there is also an argument to be made the car wasn't sufficiently durable. I don't think it's reasonable to expect a car of this make and model and which was six years old with around 50,899 miles to have such problems and require a replacement engine.

There are a number of things which can heavily impact the lifespan of an engine (or components of the engine). With proper care and maintenance, I understand an engine in this make and model of car might be expected to last between 10 to 15 years and above 100,000 miles (even above 200,000). I've already addressed Creation's comments about the service history and, having thought about everything, the evidence doesn't persuade me Mr A was likely to have contributed to these issues by the way he used and/or maintained the car. The car failed considerably before reaching this age or mileage and considerably before it might reasonably have been expected to have experienced such significant issues.

Overall, from the evidence I've seen I'm satisfied it seems the fault with the engine was more likely than not to be present or developing at the point of sale. The issues were raised shortly after Mr A acquired the car and seem to be consistently cited throughout the time he had it. In any event, there also seems to be an issue with its durability. Mr A seems to have tried to resolve these issues by maintaining the car and having the car repaired whilst it's been in his possession. On balance, I don't think Creation supplied Mr A with a car which was of satisfactory quality. I've explained how Creation should put things right below.

Putting things right

I've thought about how things should be put right, and I've taken into account what remedies would be available to Mr A under the CRA. Having done so, I'm satisfied it would be fair and reasonable to allow Mr A to reject the car. I've thought about all the circumstances of the complaint to decide how to fairly and reasonably put things right.

Mr A reported the EML being illuminated to the dealership in December 2022 and January 2023. The dealership inspected the car at this time. However, the fault with the engine seems to have persisted. Additionally, I've seen the engine requires a replacement. I appreciate Creation is concerned about the quote provided by the garage. Notwithstanding this, it is likely to come at considerable cost. I am also mindful of the time Mr A has already spent having the vehicle inspected. Taking everything into consideration, including the extensive repairs which would seem to be required, I'm satisfied it would be fair and reasonable to allow Mr A to reject the vehicle.

Additionally, Mr A has told us he hasn't used the car since May 2024. However, he was provided with a courtesy car under the warranty he obtained. He has provided us with evidence the car needed to be returned on 30 June 2025. He may be charged for use of the courtesy car because he had it outside of the period covered under his warranty. It's reasonable for Creation to cover costs associated with this if he provides sufficient proof he was obliged to pay when the warranty ended. This is because if he is charged, he will have continued to pay under the hire purchase agreement at the same time as incurring costs for the courtesy car.

There were also diagnostic charges. The garage has provided two slightly different figures, but the invoice states these costs were £1,642.80. Creation should cover these costs as they seem to only have arisen as a result of the quality of the car supplied. Mr A has been told he needs to collect the car, and Creation should cover any costs which arise from this.

Moreover, Mr A explained the car was used for the benefit of his household. This included commuting and taking his children to school on a daily basis. He has had to make visits to the garage and has generally been inconvenienced by the problems with the car. So, Creation should also pay Mr A £150 to recognise the distress and inconvenience that has been caused.

To put things right Creation Consumer Finance Ltd should:

- End the agreement with nothing further for Mr A to pay.
- Collect the car at no further cost to him. Creation should cover the cost of work invoiced by the garage. If Mr A has already paid these costs and if he has already arranged for the car to be collected, then on receipt of proof of payment, Creation should refund costs associated with this.
- Refund the deposit/part exchange payment of £7,200 (if any part of this deposit is made up of funds paid through a dealer contribution, Creation is entitled to retain that portion of the deposit).
- Waive or refund monthly repayments from 30 June 2025 which is when Mr A was required to return the courtesy car.

- If Mr A is charged for the cost of the courtesy car from when the extended warranty ended, then on receipt of proof of payment, Creation should refund this to him.
- Pay 8% simple yearly interest* on all refunded amounts from the date of payment to the date of settlement.
- Pay a further £150 for any distress and inconvenience that's been caused due to the faulty goods.
- Remove any adverse information from his credit file in relation to the agreement.

*If Creation considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr A how much it's taken off. It should also give Mr A a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

For the reasons explained, I'm upholding this complaint and Creation Consumer Finance Ltd should put things right in the way outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 25 August 2025.

Laura Dean
Ombudsman