DRN-5570332

The complaint

Mrs S complains that a car that was supplied to her under a hire purchase agreement with MotoNovo Finance Limited wasn't of satisfactory quality.

What happened

A used car was supplied to Mrs S under a hire purchase agreement with MotoNovo Finance that she signed in June 2024. The price of the car was £15,988, Mrs S paid a deposit of £2,000 and she agreed to make 59 monthly payments of £302.46 and a final payment of £303.46 to MotoNovo Finance.

Mrs S returned the car to the dealer in July 2024 because of a fault with the air conditioning and it was re-gassed. That didn't fix the fault and she was told that the required part was on back order and wouldn't be available until October 2024. Mrs S complained to MotoNovo Finance in August 2024 and it arranged for the car to be inspected by an independent expert in September 2024. Mrs S returned the car to the dealer in November 2024, the car was repaired in January 2025 and it was collected by Mrs S in February 2025.

MotoNovo Finance upheld Mrs S's complaint in January 2025 as the fault had been confirmed and the dealer was supporting with repairs. It paid £150 to Mrs S in recognition of the issue she had experienced and the delay in the part being available. Mrs S wasn't satisfied with its response so complained to this service.

Her complaint was looked at by one of this service's investigators who, having considered everything, didn't think that MotoNovo Finance had acted fairly. She said that the car wasn't of satisfactory quality when supplied, there had been an unsuccessful repair attempt and Mrs S should have been able to reject the car when she requested to do so in August 2024. She thought that it was fair for Mrs S to be able to reject the car and she recommended that MotoNovo Finance should; end the agreement; collect the car; pay a further £200 for any distress or inconvenience that's been caused; and remove any adverse information from Mrs S's credit file in relation to the agreement. She's since said that MotoNovo Finance should also refund to Mrs S the deposit that she paid, with interest.

MotoNovo Finance didn't accept the investigator's recommendation and has asked for this complaint to be escalated to an ombudsman for a decision. It says that Mrs S allowed the repair to go ahead and it isn't fair to the dealer, who has kept her mobile and liaised with the manufacturer on her behalf, for the car to be rejected. It says that the car is now conforming to contract, re-gassing the air-conditioning isn't a repair, and the replacement part from the manufacturer has rectified the issue.

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.

MotoNovo Finance, as the supplier of the car, was responsible for ensuring that it was of satisfactory quality when it was supplied to Mrs S. Whether or not it was of satisfactory quality at that time will depend on a number of factors, including the age and mileage of the car and the price that was paid for it. The car that was supplied to Mrs S was first registered in September 2020 so was nearly four years old, the hire purchase agreement says that it had been driven for 45,233 miles and the price of the car was £15,988. Satisfactory quality also covers durability which means that the components within the car must be durable and last a reasonable amount of time – but exactly how long that time is will depend on a number of factors.

MotoNovo Finance accepts that there was a fault with the car and the air-conditioning was re-gassed but that didn't fix the fault and that there was a delay in the car being fixed due to the unavailability of the required part. It says that regassing the air-conditioning wasn't a repair as it's maintenance of the car and the fault was repaired in January 2025.

MotoNovo Finance arranged for the car to be inspected by an independent expert in September 2024 and the inspection report says: *"We would consider at this stage with the information provided that the vehicle had been subjected to previous repair work, however, the faults are still present. We would consider the vehicle has been subject to unsuccessful previous repairs and needs referring back to the repairing agent for their consideration of the repairs required".*

I consider that the dealer was given an opportunity to repair the car in July 2024 and the air-conditioning was re-gassed but it didn't fix the fault and a further repair was required but couldn't take place until the required part was available. I consider it to be clear from MotoNovo Finance's case notes that Mrs S asked to reject the car in August 2024 but she was told that she didn't have the right to reject the car.

If I'm wrong about that and the dealer was considered not to have attempted to repair the car in July 2024, Mrs S would have the right to reject the car if it wasn't repaired *"… within a reasonable time and without significant inconvenience to the consumer".* I don't consider a repair in January 2025 of a fault that was accepted in July 2024 would be considered to be a repair within a reasonable time, so Mrs S should have had the right to reject the car.

Mrs S said that she wanted to reject the car and she complained to MotoNovo Finance in August 2024. Having been told that she didn't have the right to reject the car, she returned the car to the dealer for a repair in November 2024 and MotoNovo Finance responded to her complaint in January 2025. Mrs S then complained to this service and said that she didn't want the car back but it was repaired and she collected it in February 2025.

In these circumstances, I consider that MotoNovo Finance should have accepted Mrs S's rejection of the car and that it would be fair and reasonable for it to take the actions described below.

Putting things right

I find that it would be fair and reasonable in these circumstances for MotoNovo Finance to end the hire purchase agreement and to collect the car from Mrs S. The hire purchase agreement shows that Mrs S paid a cash deposit of £2,000 for the car. I find that it would be fair and reasonable for MotoNovo Finance to refund that deposit to Mrs S, and to pay interest on the amount to be refunded.

Mrs S has been able to use the car, and she's been provided with courtesy cars when her car has been with the dealer, so I'm not persuaded that MotoNovo Finance should be required to refund to her any of the monthly payments that she's made under the hire purchase agreement. I consider that it's fair and reasonable for it to keep those payments as payment for the use that Mrs S has had from the car and the courtesy cars.

MotoNovo Finance has already paid £150 to Mrs S in recognition of the issue she had experienced and the delay in the part being available. The investigator recommended that it should pay a further £200 for any distress or inconvenience that's been caused. I agree with the investigator that it would be fair and reasonable for MotoNovo Finance to pay a further £200 to Mrs S to compensate her for the distress and inconvenience that she's been caused by the issue with the car's air-conditioning.

The investigator also said that MotoNovo Finance should remove any adverse information from Mrs S's credit file in relation to the agreement. I've seen no evidence to show that MotoNovo Finance has reported any adverse information about the hire purchase agreement to the credit reference agencies but, if it has done so, I consider that it would be fair and reasonable for it to ensure that that information is removed from Mrs S's credit file.

My final decision

My decision is that I uphold Mrs S's complaint and I order MotoNovo Finance Limited to:

1. End the hire purchase agreement and arrange for the car to be collected from Mrs S – both at no cost to her.

2. Refund to Mrs S any deposit that she paid for the car.

3. Pay interest on that refund at an annual rate of 8% simple from the date of payment to the date of settlement.

4. Pay £200 to Mrs S to compensate her for the distress and inconvenience that she's been caused.

5. Ensure that any adverse information about the hire purchase agreement that it's reported to the credit reference agencies is removed from Mrs S's credit file.

HM Revenue & Customs requires MotoNovo Finance to deduct tax from the interest payment referred to above. MotoNovo Finance must give Mrs S a certificate showing how much tax it's deducted if she asks it for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 24 September 2025.

Jarrod Hastings
Ombudsman