

The complaint

Miss M complains that a car supplied to her under a hire purchase agreement with Oodle Financial Services Limited (OFS) is of unsatisfactory quality.

What happened

The circumstances surrounding this complaint and my initial findings were set out in my provisional decision which said:

In September 2023 Miss M entered into a hire purchase agreement with OFS to acquire a used car. The car was just under seven years old, with a mileage of around 47,786. The cash price of the car was £13,995.00 with an advance payment of £3,983.20 made by way of part-exchange. There was an amount of £366.80 from the total part exchange value that went to paying off a previous credit agreement. The total amount payable on the agreement was £19,576.40, payable over 60 months. This was made up of a first payment of £308.22 followed by 58 monthly repayments of £258.22, with a final repayment of £308.22 being due.

Soon after purchasing the vehicle, Miss M explained she encountered an issue with the brakes, followed by a faulty tyre. Following this, Miss M said she had an issue with the suspension on the driver's side snapping, causing further damage to her tyre. Miss M then explained she started to encounter issues with the vehicle overheating, and this would repeatedly become a problem, resulting in being told the car needed a new or reconditioned engine. Miss M has also explained how the entire experience has had a deep impact upon her mental health.

Miss M raised these issues with the dealership throughout her ownership of the vehicle and raised them with OFS in a complaint about the car. OFS issued its final response in which it said there is no evidence the issues would have been present or developing at the point of sale, previous and current repairs have been carried out under warranty alongside a contribution from Miss M, and as such it did not uphold Miss M's complaint. Miss M disagreed with the outcome and brought it to this service where it was passed to one of our investigators. The investigator upheld Miss M's complaint. It was the investigator's opinion that the car was not suitably durable in relation to some of the faults encountered with the vehicle, and as such, it was not of satisfactory quality when it was supplied.

The investigator explained rejection of the vehicle was a fair outcome in this case, alongside further redress. OFS replied with a copy of an inspection report carried out instructed by the dealership. It said in the report the engineer didn't think the issues were present or developing at the point of sale. The investigator explained why this didn't change their opinion. OFS did not respond. Miss M rejected the outcome as she was unhappy she

wouldn't receive all of her payments back made under the agreement, along with some other significant costs Miss M says she incurred. So, I've been asked to review the complaint and make a final decision.

I sent Miss M and OFS my provisional decision on 12 June 2025. I explained why I thought the complaint should be upheld. The key parts of my provisional findings are copied below:

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.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

Miss M acquired a car under a hire purchase agreement. Entering into consumer credit contracts like this is a regulated activity, so I'm satisfied we can consider Miss M's complaint about OFS. OFS is also the supplier of the goods under this type of agreement meaning they are responsible for a complaint about the supply of the car and its quality.

The Consumer Rights Act 2015 (CRA) is relevant in this case. It says that under a contract to supply goods, there is an implied term that "the quality of the goods is satisfactory, fit for purpose and as described". To be considered as satisfactory, the CRA says the goods need to meet the standard that a reasonable person would consider satisfactory, considering any description of the goods, the price and all the other relevant circumstances. The CRA also explains that the durability of goods is an indicator of satisfactory quality.

So, it seems likely that in a case involving a car, the other relevant circumstances a court would consider might include things like the age and mileage at the time of sale and the vehicle's history.

In this case, Miss M acquired a car that was just under seven years old and had travelled around 47,786 miles. As this was a used car with this mileage and age, it's reasonable to expect parts may already have suffered more wear and tear when compared to a brand-new car or one that is less travelled. There's a greater risk this car might need repair and/or maintenance sooner than a car which wasn't as road-worn.

I've reviewed the available evidence about the issues Miss M experienced with the car. Based on what I've seen, I'm satisfied that there was a fault with the car. I say this because neither OFS nor Miss M dispute the vehicle had issues related to coolant and now needs a repair or replacement to the engine. I've also seen documents confirming the faults requiring the engine work, alongside invoices showing a number of other occasions the vehicle needing repair work.

Having considered the car had a fault, I've considered whether it was of satisfactory quality at the time of supply.

I can see Miss M reported an issue with the vehicle very early on in her ownership of it to the dealership. This was in relation to an issue with the brakes. I've seen three invoices from late September 2023, showing investigation, warped brake discs resulting in strong vibration in pedal, requiring new brake discs and pads, and the invoice showing these were replaced.

Taking the mileage from the invoices, Miss M had been able to travel around 428 miles until these issues occurred. I acknowledge why she was frustrated with this. Miss M has explained she was told the dealership sold her the car knowing the car had an issue with the brakes, however I haven't seen anything to show this was the case. Either way, I acknowledge Miss M wouldn't have expected to have encountered an issue like this so soon into her ownership of the vehicle.

The next evidence I have of the issues is an invoice from late January 2024, with the

mileage recorded at 50,892 on this. The invoice shows an issue with a broken spring and tyre damage, work needed to the drive shaft boot, top suspension and lower arm amongst other things recorded. This appears to line up with what Miss M explained about a loud grinding sound and suspension issues causing damage to her tyre. It appears these repairs were carried out.

Miss M explained she had started to encounter warning lights and overheating issues around May 2024.

The next invoice I've seen, detailing issues with the vehicle is from late July 2024. This diagnostic shows O/s CV boot split, front brake discs lipped and rubbing on back plate, central heat shield found loose and broken, N/s front tyre worn on inner edge, N/s rear tyre worn uneven on inner edge, noisy on road test, coolant stain at bottom pulley, possible water pump leaking and alternator bearing noisy. Miss M has displayed the cost for this diagnostic.

Miss M has also explained she'd been having to purchase coolant to keep the vehicle topped up around this time, which looks like it could line up with the coolant stain found in the diagnostic.

There was a number of email communications between Miss M and the dealer around this part of the timeline and Miss M emailed them to outline why she was unhappy with the repeated issues she'd encountered.

In August 2024, Miss M's vehicle had to go in for further repair work, alongside a service. The invoice lists this as replace driveshaft boot offside, outer bellows kit. There is communication between Miss M and the dealership by email, with details about the repairs and service being discussed alongside a loan vehicle being provided.

Following this repair, the vehicle was taken back in again in early September as Miss M sends the dealership a picture of her dashboard showing a coolant level warning on it. The dealership said they would take the car back in and suspect a possible air-lock or bubble may be causing the coolant level to have dropped.

I then have invoices from 12 and 13 September 2024 showing a replacement turbo coolant pipe, replace balance shaft, replace O/S/F shock absorber and a list of parts required. There was also an MOT carried out, this appears to have been discussed in emails between Miss M and the dealership, with the dealership charging Miss M £30 for it, but saying they will give her £30 worth of fuel to offset this. The mileage at the MOT point is listed as 58,382.

The next information available shows the car was taken in again to the dealership in October 2024 with the invoice listing this at 59,024 miles. This shows an investigation into the vehicle losing coolant and warnings on the dashboard, that the coolant hose had come off and emptied out. This also shows this was repaired, refilled and bled-out with the comment all ok.

The car is then recovered again to the dealership in November 2024, where Miss M explains this is the last time she was able to drive it. There was some discussion over the issues, and eventually, the dealership told Miss M that the vehicle would need an engine repair or replacement. Miss M was given options and costs for these with the dealership able to discount some and contribute through a warranty further, but Miss M would be liable for a significant sum of money for the repair.

Having examined the evidence alongside the timeline of events, I'm persuaded the vehicle had some issues that had arisen through regular wear and tear of the vehicle, namely most of the issues dealt with in the late July 2024 invoice except for the CV boot issue which I'll

come onto. The others all appear to be wear and tear related issues, and I haven't seen anything to persuade me that these would likely have been present or developing at the point of sale.

Having said this, there are a few significant issues that persuade me the vehicle was not of satisfactory quality when it was supplied. I say this because Miss M encountered issues with her brakes very early on in her ownership, following pre-sale checks by the dealership listed on an invoice in early September 2023. It is unreasonable that these issues should arise so early on in her ownership of the vehicle. Miss M allowed for a chance to repair the vehicle, and a repair was carried out fairly. Further issues then happened in August 2024, in relation to the driveshaft boot, the CV boot mentioned earlier, and an outer bellows kit for the boot.

Research suggests that these parts if properly maintained should last significantly longer than the 58,324 miles this vehicle is listed to have travelled at this point, suggesting the part may have failed earlier than could reasonably be expected.

Alongside this, the vehicle appears to have suffered a significant issue with the coolant levels, and despite a number of attempts to diagnose and repair this, the engine has later failed to the point of needing an expensive repair or replacement. If properly maintained, an engine should also be expected to last significantly longer than Miss M's did in relation to the faults encountered. I have nothing available to show me the vehicle has not been properly maintained, alongside Miss M trying to keep this topped up with coolant even at a potentially increased rate, and having the dealership trying to diagnose and fix this on more than one occasion.

Having said this, it follows that I'm satisfied the car was not suitably durable, meaning it was not of satisfactory quality when it was supplied. A reasonable person might expect the vehicle's engine to have lasted significantly longer than it did.

I acknowledge OFS' position around the report obtained on instruction from the dealership, however this doesn't persuade me that the vehicle was durable for the reasons explained above.

I invited both parties to make any further comments. Miss M responded to disagree with the provisional decision and supplied some points she'd like considered. OFS did not respond to the provisional decision. Now both parties have had an opportunity to comment, I can go ahead with my final decision.

As Miss M responded to disagree with my provisional decision with points she wanted to considered, it will be useful for me to answer these here. I may not include everything Miss M has raised, but I have carefully considered all of the information provided to guide my decision.

Miss M explained she wanted the following expenses covered:

- Cost for the replacement vehicle.
- Refund all monthly repayments made under this agreement.
- Return of the deposit paid via part exchange minus the part used to settle existing finance.
- A refund of Insurance costs incurred on both vehicles.
- GAP (guaranteed asset protection) insurance refunded.
- Refund of tax paid.
- £1,000 to cover loss of earnings.
- A minimum of £1,000 compensation.
- A refund of fuel payments made to friends.

Miss M stated she feels this is reasonable due to having to purchase the second car to stay mobile as she was unable to get public transport or walk to work and she only had to purchase the car due to the car under her agreement not being fit to use. Miss M also explained the situation has caused her significant distress and upset making her mentally and physically ill, also resulting in a severe panic attack. She has lost out on pay because of this. Miss M has explained she was without a car at times, particularly when the loan car was removed from her unexpectedly. Miss M added that had the dealership carried out basic checks they would have noticed the suspension spring and tyres and knew about the warped brakes yet allowed her to drive the vehicle away. Miss M also added she was terrified being stranded in a dark unlit country road experiencing a breakdown with the car.

I acknowledge Miss M's strength of feeling around the car, and the distress this has caused her. I also acknowledge why she feels the replacement car should be paid for by OFS alongside refunding all of her monthly payments. Having said this, it is not a fair outcome to suggest this. This is because Miss M has purchased an asset, and Miss M is free to continue to pay for and use this, or she could decide to sell it on if she no longer wants or needs it. I appreciate why Miss M has said she needed to buy it, but this doesn't mean that OFS are responsible for paying for it. It is not fair for OFS to pay for a car for Miss M even with the limited options Miss M had available. Miss M has explained that it was not financially viable to get taxis or to hire a car, and I acknowledge her feeling around this, however these were options available that didn't mean purchasing an asset that she can then benefit from. I don't doubt that Miss M felt she had no choice, however this does not mean that OFS should pay for the car.

In regards to Miss M's position around refunding her monthly payments, whilst Miss M had use of her vehicle under this agreement she was able to achieve what I'd consider to be around average mileage. This suggests her use of the vehicle was not significantly impeded in terms of the distance she was able to travel. I can see Miss M has explained there were times the vehicle had to go into a repairer to be fixed, and there are times where something has gone wrong with the vehicle. In my provisional decision I've referred to some occasions as being due to regular wear and tear and having an MOT carried out, alongside other occasions where I'd point to the vehicle not being of satisfactory quality.

I haven't seen anything showing the extent of the time Miss M missed work due to these issues, or that she was without a vehicle for a significant amount of time until the loan car was recalled but I have taken this into account within the distress and inconvenience caused to Miss M. It is due to the loan car being recalled that it is fair OFS pay Miss M a refund of her monthly payments made whilst the car was unusable, and the loan car was not available. It would not be fair for me to suggest a complete refund of all monthly payments made, as Miss M has had use of the vehicle and it is fair that she pays for this usage. I acknowledge why Miss M doesn't agree with this however.

Miss M feels strongly that the dealership sold her the car in poor condition, however I haven't seen anything that shows me this was the case. There can be unexpected issues come up and it is important these are addressed when they do. Some of the issues mentioned are also considered to be wear and tear related items, and as such will need replacing during the normal course of owning and running a car, although I appreciate this is no comfort to Miss M when she has experienced issues with parts on the vehicle. I can also see the car had passed an MOT in early September 2023, I can see no advisories showing, which if the brakes and tyres were in an obviously poor state, I might expect to see them mentioned on the MOT information. I appreciate these needed attention sooner than Miss M would have expected, as mentioned in my provisional decision, but I can't say that I've seen anything that persuades me the dealership have been criminally negligent as Miss M describes.

Miss M has also explained how the situation affected her, exacerbating existing conditions

and causing mental and physical health issues. I have taken this into account in my decision where I've considered an elevated level of distress and inconvenience payment than may have been due to a different person in similar circumstances. Situations affect people very differently, and this is why I'd decided an increased payment for distress and inconvenience caused was due in this case.

In relation to other costs, it is fair that OFS pay Miss M the cost of her insurance and tax payments made on the vehicle under this agreement whilst they were also being paid for on another vehicle. I explained in my provisional decision that this is because if Miss M was supplied with a car of satisfactory quality, it's likely she'd have only needed to pay for one set of tax and insurance. A complete refund of tax and insurance payments is not fair under the circumstances as Miss M has been able to use the vehicle until the issues meant it was undriveable, and then she was kept mobile by use of the loan car. It is also fair that Miss M paid for the GAP insurance as she had benefitted from this whilst the agreement was in force. I also considered the cost of fuel payments made to friends. However, if the car was of satisfactory quality, it is likely she'd have needed to incur these expenses elsewhere in terms of fuel through regular expenses, especially as Miss M has explained the necessity of the car for her get to work, so I would not suggest this should be refunded.

I agree with Miss M that she should be repaid the deposit paid by way of the part exchange value, taking off the amount that was used to settle existing finance as described in my provisional decision. Alongside this I'd decided it was fair for OFS to reimburse some other evidenced costs relating to coolant, diagnostics and repairs, this is outlined below.

I acknowledge Miss M is unhappy as she feels strongly she should be repaid more than the provisional decision suggested she should for the reasons she's explained. I appreciate why Miss M has requested this due to the strength of feeling involved, however it is not a fair outcome for me to recommend what Miss M wants for the reasons I've explained. Miss M has explained she is considering both companies for criminal negligence and is happy to take things to court. Miss M may be free to pursue further action against the dealership or OFS as she sees fit. If Miss M does not accept the final decision, this is not binding on OFS and she may be able to take further court action in relation to what has happened. Miss M also asked what will stop OFS from ignoring this again. If Miss M accepts a final decision, this requires OFS to carry out the actions directed. If it does not do so, Miss M may be able to take enforcement action if necessary.

I thank Miss M for supplying the information explained and answered above in response to my provisional decision. After I've considered these alongside the existing information and my provisional decision, as none of the information has changed my decision, the reasons why I'm not persuaded the vehicle was of satisfactory quality or the redress OFS should carry out, I see no reason to depart from my provisional findings outlined above alongside the added explanation in response to Miss M's points raised. It then follows that what I'd provisionally decided OFS needed to do to put things right has also not changed.

Putting things right

As I've concluded that the car was not of satisfactory quality when it was supplied, I think it's reasonable that OFS should put things right.

In this case I do think rejection of the vehicle is fair. I say this because the vehicle has suffered significant issues, and it appears that a repair would not be economically viable based on the independent report instructed by the dealership. Alongside this, Miss M suffered repeated problems with the vehicle through a potential number of repairs and has confirmed she hasn't had use of the vehicle since November 2024, meaning a repair would not likely have taken place in a reasonable timeframe.

OFS should treat the agreement as ended, and refund any monthly repayments made after the loan car was taken back from her in March 2025. I say this because Miss M had been kept mobile by the supply of a loan car whilst hers was undriveable. Had a loan car not been provided additional redress may have been due on this point. I acknowledge that Miss M wants all of her repayments that she made refunded to her, due to how this has affected her, and I acknowledge why she feels this way, however this would not be fair as Miss M has had use of the vehicle as evidenced by the mileage travelled, and has been kept mobile with a loan car for a significant amount of time that her car was undriveable for. When deciding cases like this, it would not be fair for me to give Miss M free use of a vehicle whilst putting miles onto it, despite the issues the vehicle had. OFS should also collect the car at no cost to Miss M and refund her the trade-in value of her part exchange vehicle allocated to the advance payment. The portion that went towards settling a previous credit agreement should not be repaid.

OFS should repay Miss M for the additional coolant she had to purchase as evidenced by the invoices supplied, alongside the diagnostic she paid for to identify issues with the vehicle in July 2024 and for repairs that she appears to have paid for in August when the driveshaft work took place. These costs should be reimbursed as they were a consequence of being provided a vehicle that was of unsatisfactory quality at the point of supply.

It is also fair for OFS to reimburse Miss M for the tax and insurance paid on the vehicle under this agreement whilst she was also paying for this elsewhere, if Miss M can evidence she was paying for this elsewhere on another vehicle at the same time. I say this because if Miss M was provided with a vehicle that was of satisfactory quality, it is likely she'd have only needed to pay for one insurance policy and one set of road tax.

Miss M has explained how the car not being of satisfactory quality, has impacted upon her. She explained how this affected her mental health and caused worsening symptoms of existing conditions. She had to deal with the inconvenience of a number of issues with the vehicle, taking time and effort to resolve, and Miss M has explained that on occasion these caused her to have to miss work. She had to drive a vehicle she wasn't comfortable with, and was worried about the performance of, and was unable to get a permanent fix for these issues. Miss M has explained how she needed to rely on friends to be able to get to and from work, and this will have also caused her inconvenience and stress.

Because of the increased impact upon Miss M in her situation, it is fair for OFS to pay her £650 for the distress and inconvenience caused.

As OFS provided Miss M with a car that was not of satisfactory quality, they should remove any negative information recorded about it on Miss M's credit file.

I acknowledge the reasons Miss M also wants the costs for the car she purchased to stay mobile, after her loan car was taken back from her. However, it would not be fair for me to say that OFS need to cover this cost. Miss M has taken a decision to purchase another vehicle, and it would not be fair for me to say that OFS need to pay for this. It has been purchased by Miss M for her personal use and is her choice as to what she'd like to do with this asset. Miss M bought the vehicle to stay mobile as is her need to do so, but to ask OFS to pay for the car is not fair or reasonable under the circumstances, although as I've said, I do acknowledge why Miss M has raised this request.

Miss M also paid for a diagnostic for her new vehicle, but it would not be fair for me to say that OFS should reimburse this cost, as this is a decision taken by Miss M and not something that was required.

Alongside the points above, Miss M also explained that she didn't feel the loan car was like

for like, this wasn't the car she'd purchased and if she had, it would've been cheaper. I acknowledge these points, however a loan car cannot always be provided on a like for like basis, and I think it is fair that she was kept mobile by being given the loan car available.

Miss M had also listed other costs such as petrol money paid to friends and MOT and servicing costs. In this case, it is not fair for me to decide these costs should be reimbursed as these are regular expenses that had Miss M not been paying to friends or paying on this vehicle, it is likely she'd have been incurring these costs elsewhere regardless, especially as she's explained the necessity of a vehicle for her travel to and from work.

My final decision

For the reasons explained, I uphold Miss M's complaint and instruct Oodle Financial Services Limited to do the following:

- End the agreement with nothing further to pay in relation to the monthly payments.
- Collect the vehicle at no cost to Miss M.
- Refund some monthly payments as outlined above.
- Refund part of the trade-in value of her car that was part-exchanged as outlined above.
- Reimburse evidenced costs for coolant, diagnostics and repairs as outlined above.
- Reimburse evidenced costs for tax and insurance paid on the vehicle under this agreement if Miss M can evidence these have been paid for elsewhere at the same time as outlined above.
- Pay 8% simple yearly interest* on the above, to be calculated from when Miss M made the payment to the date of the settlement.
- Pay Miss M £650 for the distress and inconvenience caused.
- Remove any adverse information recorded on Miss M's credit file in relation to the agreement if applicable.

*HM Revenue & Customs requires Oodle Financial Services Limited to deduct tax from the interest amount. Oodle Financial Services Limited should give Miss M a certificate showing how much tax it has deducted If she asks for one. Miss M can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 25 July 2025.

Jack Evans
Ombudsman