

The complaint

Miss H complains that a car acquired under a hire purchase agreement with Lendable Ltd trading as Autolend ("Autolend") wasn't of satisfactory quality when it was supplied to her.

What happened

The parties are familiar with the background of this complaint so I will only summarise what happened briefly here.

In February 2024, Miss H entered into an agreement to acquire a used car from a dealership. No deposit was paid, and the total purchase price was provided under a hire purchase agreement with Autolend. Miss H used a credit broker to source the finance agreement for her. The car was just over six years old and had covered approximately 99,800 miles when it was supplied to Miss H. The agreement was for 60 months, and the cash price of the car was £8,193.

In August 2024, the car stopped working. Miss H got in contact with Autolend, who told her she needed to show the car wasn't satisfactory at the point of supply, due to the length of time she'd had it. Miss H arranged for an independent inspection to take place, which confirmed the turbocharger wasn't of satisfactory quality when the car was supplied to her. It also confirmed Miss H had undertaken a repair to the turbocharger actuator and the component looked new. Based on this report, Autolend didn't uphold Miss H's complaint. They said the report confirmed she'd had repairs done to the turbocharger and these repairs had led to the problems she'd experienced with the car breaking down.

Miss H brought her complaint to our service. Our investigator upheld it. He said he wasn't persuaded, having spoken to Miss H and assessed all the evidence, that she had undertaken any repairs to the turbocharger since being supplied with the car. As the independent report confirmed any problems with the turbocharger would have been present at the point of supply, he asked Autolend to collect the car and arrange repairs in line with the independent report. He also asked Autolend to reimburse Miss H the cost of arranging the independent report, and for Autolend to refund any payments she'd made towards the agreement from August 2024 when the car stopped working. Finally, he asked Autolend to pay Miss H £250 compensation for the distress having a car of unsatisfactory quality had caused her.

Autolend didn't accept this. They maintained that Miss H had undertaken unauthorised repairs to the car and those repairs had led to the problems with the car stopping. They continued to say there wasn't sufficient evidence to conclude the car was unsatisfactory at the point of supply.

As Autolend haven't agreed, 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.

Both parties have provided a lot of information here. I'd like to reassure them that I've read and considered everything that's been sent, although I haven't commented on all of it within this decision. I will be focussing on what I consider to be the key points of this complaint.

When considering what is fair and reasonable, I'm required to take into account: relevant law and regulations, relevant regulatory rules, guidance and standards and codes of practice.

As the hire purchase agreement entered by Miss H is a regulated consumer credit agreement this service is able to consider complaints relating to it. Autolend are also the supplier of the goods under this type of agreement and are responsible for a complaint about their quality.

The Consumer Rights Act 2015 (CRA) covers agreements like the one Miss H entered. Because Autolend 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 – amongst other things – the age and mileage of the car and the price paid.

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

But, on the other hand, 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 H's case, the car was just over six years old and had covered approximately 99,800 miles when she acquired it. So, I'd have different expectations of it compared to a brand-new car. Having said that, the car's condition should have met the standard a reasonable person would consider satisfactory, given its age, mileage, and price.

Our investigator has said he thinks the car was of unsatisfactory quality when it was supplied to Miss H. I agree in this case. There is no doubt the car has a fault – the report provided confirms that, and I don't think either party contests that there's a fault. And from what I've seen, I'm satisfied the fault was present when Miss H acquired the car. I'll explain why.

The CRA explains that where goods are found not to have conformed to the contract within the first six months, it is presumed they didn't conform to the contract at the point of supply. Unless the supplier, Autolend in this case, can prove otherwise.

However, Miss H brought the problems with the car to Autolend's attention in August 2024, just about six months after she'd been supplied with it. So, I need to consider if Autolend have done what I'd expect them to have done once they were aware there were problems with the car. As it was outside of six months since she'd been supplied with the car, it was for Miss H to prove any faults had been present at the point of supply.

Miss H arranged for an independent report to be completed on the car. This took place in October 2024, and the car had covered approximately 102,500 miles at this time. Miss H had covered approximately 2,500 miles since taking delivery of the car. It was this report that Autolend relied upon to determine that the problem with the turbocharger was as a result of Miss H having the turbocharger actuator repaired once she was in possession of the car. Autolend say this because the report confirms the turbocharger actuator looks to be a new component, and it confirms Miss H said she'd had a new one installed.

Where the evidence is incomplete, inconclusive, or contradictory (as it is in this case), I have to reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

Autolend's main argument is that the report confirms Miss H must have had the turbocharger actuator changed herself, because the component looks new, and the report confirms a previous attempt to repair had been unsuccessful or incorrectly diagnosed. They feel it was this repair that led to further problems. Because of that, Autolend decided they felt the car was of satisfactory quality when it was supplied to Miss H, and it was only her choice to repair the actuator that led to the further problems that she was experiencing.

Whilst I understand why Autolend have come to that conclusion, I'm not satisfied it's one I can agree with when I consider all the evidence in this case. I think the report is misleading or inaccurate in places, when I consider it alongside Miss H's testimony about the car's history to our service and the information Autolend have provided from their case notes. The report says that previous repairs have been done on the actuator, but I don't think that terminology is correct in this case.

Miss H has confirmed to our service, and to Autolend in December 2024 according to their call notes, that she had a test completed on the actuator to see if it was that causing the problem. I'm not satisfied that a test of a component to check its functionality can be considered a repair – they're different things – and the car was inspected in October 2024 with the original parts in place. The turbocharger and actuator assessed were the ones present when Miss H was supplied with the car, and the report confirms the problems would have been present when the car was supplied. This would have been the case whether Miss H had the actuator tested or not at a later date – the car would still have had faults present when it was supplied to her. On the balance of probabilities, I'm more satisfied than not, based on what I've been provided with, that any turbocharger actuator replacement took place prior to Miss H acquiring the car. Miss H had used the car for approximately 2,500 miles when the independent inspection of the car took place, so it's possible the turbocharger actuator looked like a new component when compared to the other components in a six-year-old car that had covered over 102,000 miles at that point. But I'm not persuaded that Miss H had any repairs completed on the car while it was in her possession. So, it follows that I'm more satisfied than not that the car wasn't of satisfactory quality when it was supplied to Miss H, and Autolend have to do something to put it right.

The report also confirms the front brake discs are worn down and are showing signs of corrosion due to the car's inactivity for several months. It goes on to say that the brake discs would have been developing issues at the point of supply and are therefore not of satisfactory quality on the grounds of durability. Autolend haven't provided anything to suggest they don't agree with this point and haven't arranged for their own inspection to take place, so I have no reason to believe the brake discs shouldn't be included in the resolution of this complaint.

The CRA allows for one opportunity to repair the faults. I'm satisfied that an attempt to repair the car is the most suitable option at this stage. Autolend should make arrangements with Miss H to collect the car at no cost to herself. They should arrange the repairs to the turbocharger and brake discs in line with the report, and the cost of repair should be covered by Autolend. They should then arrange to have the car returned to Miss H. The car's battery appears to have died – there are fault codes associated with it – and as I'm satisfied the car was of unsatisfactory quality when it was supplied to Miss H and has been inactive because of the faults present at the point of supply, Autolend should ensure the battery is replaced if necessary.

Should Autolend deem the cost of repair to be too high and therefore uneconomical, they should work with Miss H to come up with an alternative solution. Miss H may be able to raise a new complaint if she feels any proposal from Autolend is unsatisfactory, but I'm not dealing with that in this decision.

Miss H arranged and paid for the independent inspection to take place. I'm satisfied Autolend should reimburse her for this amount, subject to Miss H providing them with the invoice for her payment.

I'm aware Miss H stopped making her monthly payments towards the agreement around August 2024 as she didn't want to be paying for a car she couldn't drive. It's not clear how many payments, if any, have been made by Miss H between August 2024 and now. But any that have been made should be refunded to her by Autolend. They should also remove any adverse information recorded on her credit file in relation to this agreement from August 2024 until the car is returned to Miss H. At that point she should be expected to start making her contractual payments to Autolend.

If Miss H is in financial difficulties, I remind Autolend to treat her with forbearance and due consideration. And if Miss H is unhappy about how she's been treated by Autolend she can contact them, but I'm not dealing with that aspect in this decision.

Finally, Miss H has explained in great detail and articulately the impact having a car of unsatisfactory quality has had on her and her personal circumstances and wellbeing. I thank her for that and recognise it's clearly been a very difficult time for her. Our investigator has recommended that Autolend pay Miss H £250 to reflect the distress she's been caused, and I think that amount is fair in the circumstances of this complaint

My final decision

For the reasons above, I uphold this complaint. Lendable Ltd trading as Autolend must:

- Collect the car at no cost to Miss H.
- Arrange and cover the cost of repairs to the car in line with the independent report and my findings above. This should be done in a reasonable time.
- Deliver the car back to Miss H once repairs have been completed.
- Refund Miss H £195 for the independent report she paid for – subject to Miss H providing Lendable Ltd trading as Autolend the receipt (if she hasn't done so already).
- Refund any payments Miss H has made to the agreement from August 2024 until the date the car is returned to her.
- Pay 8% simple interest on all refunded amounts, including the independent report costs, from the date of payment until the date of settlement.*
- Pay Miss H £250 for the distress she's been caused by being supplied with a car of unsatisfactory quality.
- Remove any adverse information Miss H's credit file in relation to this agreement, from August 2024 until the date the car is returned to her.

*If Lendable Ltd trading as Autolend consider that they're required by HM Revenue & Customs to deduct income tax from that interest, they should tell Miss H how much they've taken off. They should also give Miss H a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 1 July 2025.

Kevin Parmenter
Ombudsman