

The complaint

Mr L is complaining about the quality of a vehicle supplied to him by Creation Consumer Finance Ltd (Creation). A representative has assisted Mr L with his complaint, but I'll refer to Mr L throughout my decision for simplicity.

What happened

In November 2023, Mr L entered into a hire purchase agreement with Creation to acquire a car. The agreement states the deposit was £6,500 (£1,000 cash and £5,500 part exchange) and Mr L borrowed £16,889 – the cash price of the vehicle was £23,389. The agreement required Mr L to make 60 monthly payments of around £355. The car was first registered in March 2019 and had done around 63,500 miles when Mr L acquired it.

In May 2024, Mr L emailed Creation about the quality of the car. He said there was an outstanding recall on the vehicle when he bought it and when he took the car to the manufacturer to have it fixed, they carried out a vehicle health check and told Mr L he needed one of his alloy wheels fixed and one of the tyres changed. Mr L raised the issues with the dealership but paid for the repairs himself so he could drive the car away.

In his email, Mr L said the car then ran fine until April 2024 – when it overheated and then cut out, with smoke coming from the engine. He said he'd called the dealership, but they'd directed him to the warranty provider – so he'd come to Creation instead.

Mr L continued, unsuccessfully, to try to resolve things with the dealership. And in early June he arranged for a mechanic to inspect the car – which confirmed it was faulty. Creation replied to Mr L's complaint in June 2024, and offered to recover the vehicle and have the necessary repairs done.

However, Mr L said no one arrived at the time arranged for recovery of the vehicle and no one contacted him. Two and a half hours later, a car trailer arrived to take the vehicle but there was no signage on the trailer and Mr L was unsure of their credentials so didn't let them collect the car. He contacted Creation to explain, and they said he'd done the right thing. But Creation wouldn't let Mr L reject the car as they hadn't inspected it. Unable to resolve things with Creation, Mr L brought his complaint to our service.

One of our investigators looked into Mr L's complaint. Her opinion was that Creation hadn't arranged repairs within a reasonable timeframe, or without significant inconvenience. She noted that Mr L may have contributed to the delays, but her view was that he hadn't acted unreasonably. In summary, she concluded that Mr L should be allowed to reject the car and Creation should refund to Mr L all payments made since 30 April 2024, as well as his deposit. She also considered various expenses Mr L said he'd incurred in respect of the car and said Creation should refund £1,333.75 in respect of these, together with statutory interest. And she said Creation should pay Mr L £200 in respect of the distress and inconvenience caused by the faulty goods.

Mr L and Creation both made further representations, but our investigator's view didn't change. Mr L accepted the view in early October 2024 and Creation accepted it towards the end of October 2024.

Four weeks later, in late November 2024, Mr L let us know Creation hadn't yet settled the complaint. He said this was adding further stress as both the insurance and MOT had expired so he was anxious about anything happening to the car while he continued to be liable for it. He added that he'd paid a further £80 to remove the private registration plate from the vehicle and said he was continuing to make the monthly payments due under the agreement. He was upset about the amount of stress the situation was causing him and his family.

Mr L asked for an ombudsman's decision to ensure Creation would pay the agreed settlement. Over the months that followed, Mr L contacted us several times explaining the impact this was having on him.

The complaint was allocated to me for a decision. When I asked for an update, Mr L told us Creation had last taken a payment in February 2025 and had paid him around £12,500 in March 2025. He provided the breakdown they'd sent. He said he'd received no confirmation that the finance agreement had ended or that no further payments would be taken. And he said that the £200 compensation was acceptable at the beginning of October, but, given how long it had taken for Creation to collect the car and issue a refund, he now thought the compensation figure should be higher.

I issued a provisional decision in May 2025 in which I said I thought Creation should pay Mr L a further £400. I didn't think £200 was a fair reflection of the distress and inconvenience he'd suffered over the ten to eleven months between the vehicle first failing and Creation paying the settlement. In that provisional decision, I said:

"The agreement in this case is a regulated consumer credit agreement. As such, this service is able to consider complaints relating to it. Creation were the supplier of the goods under this agreement and are therefore responsible for a complaint about their quality.

The Consumer Rights Act 2015 (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 the goods is satisfactory". To be considered satisfactory, the CRA says the goods need to meet the standard that a reasonable person would consider satisfactory, taking into account any description of the goods, the price and other relevant circumstances.

In their response to Mr L's complaint, Creation acknowledged the car wasn't of satisfactory quality when it was supplied. So there's no dispute over this.

The CRA says that a supplier must be given one chance to repair or replace goods before a consumer can reject them. So, I can't say Creation should initially have allowed Mr L to reject the car instead of repairing it.

However, the CRA also says that a supplier should carry out repairs within a reasonable time and without significant inconvenience to the consumer. Mr L first told Creation about the problems with the car on 1 May 2024. Mr L gave a detailed description of what had gone wrong, and I think it's clear from that email that the car wasn't safe to drive. It was seven weeks between that date and the date they attempted to pick up the car and take it for repairs. Given the state of the car, I don't think that was a reasonable time. And it was clearly at significant inconvenience to the consumer who was without a car for that period. So, I'm satisfied it's fair for Mr L to be allowed to reject the vehicle.

Putting things right

Creation accepted our investigator's view that Mr L should be allowed to reject the vehicle. They have now refunded Mr L's deposit, all his monthly payments since 30 April 2024

(when the car broke down), and several other expenses Mr L incurred in relation to the vehicle, including the cost of removing the private registration plate.

Mr L isn't claiming any further financial loss. He wants confirmation that the hire purchase agreement has been terminated, and no further payments will be taken. And he thinks the £200 compensation no longer reflects the impact the problems have had on him and his family.

I agree with Mr L that Creation should confirm they've terminated the hire purchase agreement. They should provide this confirmation to Mr L in writing, together with confirmation that no further direct debits will be collected.

I've thought carefully about the impact the whole situation has had on Mr L. I'm unable to award compensation for the impact it's had on his family members, but I can take into account the fact that any impact on his family members is likely to have caused Mr L some distress. While I haven't detailed everything Mr L's told us below, I'd like to reassure him that I have taken all his comments into account.

In summary, Mr L was supplied with a car of unsatisfactory quality. Within two months, he had to take it to a garage for a manufacturer recall and while he was there, he was presented with two further problems that needed fixing. So he was inconvenienced for a couple of days in January 2024.

Then in April 2024, he had problems with the car while driving on the motorway. He had to stop on the hard shoulder for around 15 minutes. And then the car cut out completely and started smoking. This sounds like a very stressful experience.

Over the course of two months during May and June 2024, Mr L contacted the dealership and Creation several times to try to get the car repaired. And he arranged for it to be taken to a mechanic to diagnose the problem. He's told us he took three days off work because he couldn't get to the office without his car. And then he started to use his wife's car which left her without any transport. Mr L said his wife arranged lifts from friends on occasion and used taxis on occasion but was often without any transport and his children had to stay at home during the school holidays because he needed a car for work.

I appreciate Mr L could have allowed the recovery company to take the car towards the end of June. If he had, it's possible the car would have been returned to him, repaired, shortly after and the matter would have had no further impact on Mr L. However, I understand why Mr L didn't allow the recovery company to take the car – he was concerned about their credentials and felt responsible for the car. Mr L contacted Creation immediately to explain what had happened. They could have rearranged collection but didn't. So I think it's reasonable to hold them at least partly responsible for the continued impact on Mr L after the failed collection.

The car remained in Mr L's possession for a further six months until January 2025 despite both parties having accepted our investigator's proposed resolution by the end of October 2024. It's clear Mr L felt anxious about this – and even more so when the insurance and MOT expired in November 2024. He's described to us the impact of this stress and anxiety on his existing health conditions and it's seems likely that it exacerbated those problems. We passed Mr L's emails in November, December and January on to Creation – so they were aware of the impact their delays were having on Mr L.

In addition Mr L's family had to continue to rely on the goodwill of others for transport as the cost of taxis was prohibitive. And, Creation continued to collect the monthly direct debit from Mr L, even after they'd collected the car. I'm persuaded the matter continued to cause

stress and inconvenience until Creation paid the settlement to Mr L in March 2025 – just over ten months after Mr L first contacted Creation.

Overall, it's clear Mr L's suffered a substantial amount of stress, anxiety, frustration, distress and inconvenience as a result of Creation's actions. On balance, I think £600 would be fair compensation – meaning Creation should pay an additional £400 to Mr L."

Mr L accepted my decision. Creation didn't – they confirmed the agreement had been closed but said they'd be willing to pay an additional £200 because they weren't responsible for all of the delays. I asked them for evidence of this, saying I'd need to see Mr L had caused delays of at least two weeks for it to change my opinion, but didn't hear any more before the deadline given.

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.

Creation said in response to my provisional decision that some of the delays were caused by not having all of the invoices needed to process a refund, and some by a holiday which caused delays in the dealership collecting the car. It's not clear exactly who they held responsible for these delays and they haven't provided any further evidence.

When I said I thought Creation should pay an additional £400, it wasn't solely because of the delays in the settlement, I also didn't think our investigator's suggested compensation went far enough. So, even if Mr L had some part to play in the delays to his compensation being paid, I've not seen any evidence that this was significant and I'm satisfied Creation should pay an additional £400 as I explained in my provisional decision.

My final decision

As I've explained, I'm inclined to uphold Mr L's complaint and say Creation Consumer Finance Ltd need to:

- End the agreement with nothing further to pay (if this hasn't already been done) and confirm this in writing to Mr L; and
- Pay a further £400 to Mr L to reflect the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 20 June 2025.

Clare King
Ombudsman