

The complaint

Mr D complains about the quality of a used car he acquired through a hire purchase agreement with Tandem Motor Finance Limited ('Tandem'). Mr D says that he experienced problems with the car which later turned out to be a latent fault. The car had also been involved in a collision which he wasn't told about.

What happened

Mr D's complaint is about the quality of a car he acquired in September 2023. The car was used and it was first registered in March 2016. So, it was over seven years old when Mr D received it. It had covered 66,200 miles.

Mr D acquired the car using a hire purchase agreement that was started in September 2023. The vehicle had a retail price of £19,390. Mr D paid a £1,000 deposit meaning £18,390 was financed. This agreement was to be repaid through 60 monthly instalments. There were 59 monthly instalments of £424.66 and then a final instalment of £434.66. If Mr D made repayments in line with the credit agreement, he would need to repay a total of £25,489.60.

Mr D says the vehicle was faulty almost immediately. He contacted the dealership in November 202 as an Engine Management Light ('EML') was showing, and the car was sounding '*worrisome*'.

There was a significant amount of correspondence between Mr D, the dealership, the third party garages that looked at the car, and the warranty companies that are involved. I'm not going to reproduce all this here as all the parties to the complaint are aware of it and I don't need to comment on it to support my decision.

In April 2024, Mr D complained to Tandem about the faults with the car. Tandem then arranged for the car to be looked at by an independent reporting company. This report, completed in May 2024, found that there was likely a problem with the cars valve piston timing and the timing chain. And it concluded that the problems it identified weren't due to Mr D's use of the car and that the dealership, and or the warranty company, should put things right.

Tandem then considered this complaint and it didn't uphold it. It said whilst the independent report had concluded that the vehicle had faults it also said that these were not present at the time of sale. And if they were, Mr D would not have been able to drive the car. And so, it didn't think it should repair the car or facilitate a rejection of it.

Again, I've noted that there was a significant amount of correspondence between Mr D, the dealership, the third party garages that looked at the car, and the warranty companies that became involved after the final response. I can see a warranty provider at one point agreed to pay for some of the repairs and the car was looked at by a further garage on behalf of the warranty company. Again, I'm not going to reproduce all this here as all the parties to the complaint are aware of it and I don't need to comment on it to support my decision.

Mr D didn't agree with Tandem not upholding the complaint and he brought it to the Financial Ombudsman Service. Our Investigator upheld Mr D's complaint. He said that the evidence, particularly the independent report, showed that the car wasn't of satisfactory quality as it wasn't reasonably durable.

Tandem didn't agree with the Investigator. It said that some of the repairs that had been agreed had not gone ahead. The car had an electrical fault with which failed instantly, and this was not present or developing at the time of sale. It said there were no issues with the timing chain. And electronic issues were not covered under the Consumer Rights Act 2015 ('CRA').

Because Tandem didn't agree, this matter has been passed to me to make a final decision.

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 was good industry practice at the relevant time.

The agreement in this case is a regulated hire purchase agreement – so we can consider a complaint relating to it. Tandem as the supplier of the goods under this type of agreement is responsible for a complaint about their quality.

The CRA is relevant 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 goods would 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. 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 car's history.

The quality of the goods includes 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 this.

This car was over seven years old when Mr D acquired it, and it had travelled around 66,000 miles. I think a reasonable person would accept that such a vehicle would probably have some parts that are worn and would need replacing sooner or later – which is reflected in the lower price paid in comparison to a new vehicle.

But there's also a reasonable expectation that a vehicle will be relatively durable - taking into account its age, price and mileage at the outset. So even though the vehicle wasn't new, Mr D should have been able to use it for a reasonable period of time before it needed significant work.

Was there a fault with the car and was the car of satisfactory quality bearing in mind the fault

I think it's established that the car has several faults and it is not currently drivable. I've thought about whether this means that the car was of unsatisfactory quality. I think the most important evidence here is the independent report that Tandem arranged.

I have considered all of the other evidence provided by Mr D, Tandem and the warranty providers. And the investigations from the other garages. I'm not going to reproduce these in detail here are because I think they establish that the car has significantly more problems than outlined in the independent report, such as the gear selection problems and electrical faults. And so, considering these in more detail wouldn't lead to a different outcome.

The independent report did say that the symptoms it identified, that is the problems with the engine not running properly, would likely not have been present at the time of sale as Mr D would not have been able to drive the car. But it concluded that:

'... There is no evidence of any driver error or abuse noted at time of inspection, no evidence to suggest that the vehicle owner has induced the current symptoms, the vehicle has only covered some 6000 miles since the date of sale this in conjunction the fact having to replace the timing chain and tensioner in a vehicle that has covered just over 70,000 miles would be at the lower end of expectations for life expectancy of the timing chain and the tensioner, ...'

I think it's reasonable to say that the independent report concluded that the car wasn't durable, and it follows from this that it wasn't of satisfactory quality.

Tandem has repeatedly said that the report says the problems were not present at the time of sale. It's concluded from this that the car was of satisfactory quality. But I think this is a misrepresentation of what the report says. Clearly the car hadn't already broken down due to a problem with the timing chain when Mr D acquired the car.

But the report clearly implies these faults would have been developing at the point of sale and that the car has not been durable. I don't think it's reasonable to consider one small part of the report, which supports what the business says, and ignore most of the report, including the conclusions of it, which say the car should be repaired at no cost to Mr D.

Given the contents of the report, I think this car could have been repaired earlier on in the complaint process and I've seen several estimates that detail the cost of this. Section 32 of the CRA says that:

'If the consumer requires the trader to repair or replace the goods, the trader must – (a) do so within a reasonable time and without significant inconvenience to the consumer'

Tandem hasn't arranged for the car to be repaired, and Mr D has been unable to use it for a considerable amount of time. This has clearly caused him significant inconvenience. So, I agree that Mr D being able to reject the car is the right outcome here.

As I've said above there has been a significant amount of correspondence between Mr D, various garages and the warranty companies. And I think it's clear there was an expectation on Tandem's behalf that the warranty company would, to some degree, put this right. But Tandem is responsible for the quality of the car, and it should have assisted Mr D, even if other third parties could also have done this.

Tandem has at times indicated that the timing chain may not be faulty. But the overwhelming evidence here is that this may be the root cause of the car's problems. I appreciate a full diagnosis of all the problems with the car has not taken place, but I think this is due to the large amount of interconnected faults the car has. I don't think any further investigation into these will show that the car was of satisfactory quality.

Mr D had the use of the car for around five months. So, it is reasonable that he pays for the car over this time. Neither party has said this is unreasonable and I agree that Tandem retaining five monthly repayments is fair here.

Mr D was inconvenienced by having no use of the car over a long period of time. I can imagine it must have been frustrating for Tandem to arrange for the car to be inspected, and for this report to generally support that the car wasn't of satisfactory quality, and then for Tandem to not act on this. And I don't think it was right that Mr D was asked to have the car looked at by other garages over time. Tandem should have either repaired the car or allowed Mr D to reject it after the independent report. So, I think the £300 suggested by our Investigator for the distress and inconvenience he experienced is fair.

Putting things right

I uphold this complaint against Tandem Motor Finance Limited and tell it to:

- End the finance agreement ensuring the customer is not liable for monthly payments after the point of collection (it should refund Mr D any overpayment for these if applicable).
- Take the car back (if that has not been done already) without charging for collection.
- Refund any deposit paid by Mr D.
- Refund Mr D all monthly payments made to date, less five payments for use of the car.
- Pay Mr D £300 for the distress and inconvenience caused.
- Pay 8% simple yearly interest on all refunded amounts from the date of payment until the date of settlement.
- remove any adverse information Mr D's credit file in relation to the agreement.

If Tandem considers that it's required by HM Revenue & Customs to withhold income tax from the interest part of my award, it should tell Mr D how much it's taken off. It should also give Mr D 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 I've explained, I uphold Mr D's complaint.

Tandem Motor Finance Limited should put things right by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 13 August 2025.

Andy Burlinson
Ombudsman