

The complaint

Miss D complains that the car she acquired financed through a hire purchase agreement with Startline Motor Finance Limited ("Startline") wasn't of satisfactory quality.

Miss D is represented in her complaint. However, for the sake of simplicity in this decision I have referred to all the submissions from Miss D's representative as being made by Miss D.

What happened

Miss D acquired a used car, financed through a hire purchase agreement she signed on 5 February 2024 with Startline.

In April Miss D took the car back to the dealer (over 70 miles away) because the car was leaking coolant and oil. She was told there wasn't a problem and to keep topping up the coolant and oil. On 29 June 2024 the car broke down and was rescued to a garage recommended by the recovery service. A wet belt failure was diagnosed. Miss D said the dealer refused to help as it was over three months since the car was purchased. She said the broker gave her the same response.

The total cost of repair was over £1,700 and the dealer eventually agreed to pay £550 towards the cost. There was a further issue with the brakes which was covered by the warranty. At the beginning of October, the car broke down again. It was rescued to the garage that did the previous repair with the fault diagnosed as wet belt failure leading to engine failure. The quote for repair was almost £4,000. Miss D raised a complaint with Startline.

The warranty company commissioned an independent inspection with a third party, V. It concluded the issues present were related to the previous wet belt concern. Startline commissioned its own independent inspection with a different supplier, S. In its report S concluded the faults present would not have been present or developing at the point of sale and so Startline did not uphold Miss D's complaint. It offered Miss D £250 in compensation for the inconvenience caused. Miss D did not agree and brought her complaint to this service.

Our investigator considered it likely the current issue with the car was linked to the previous repair and considered it a failed repair. He concluded that Miss D should be allowed to reject the vehicle. Startline didn't agree and asked for a decision from an ombudsman. It made some further comments to which I have responded below where appropriate.

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.

Having done so I agree with the conclusions reached by the investigator for the reasons I've outlined below.

In considering what is fair and reasonable I need to have regard to the relevant law and regulations, regulator's rules, guidance and standards, codes of practice and (where appropriate) what I consider having been good industry practice at the relevant time. Miss D's hire purchase agreement is a regulated consumer agreement and as such this service can consider complaints relating to it.

Startline, as the supplier of the car, was responsible for ensuring it was of satisfactory quality when it was supplied to Miss D. Whether or not it was of satisfactory quality at that time will depend on several factors, including the age and mileage of the car and the price that was paid for it. The car was about seven years old, had been driven 60,905 miles and had a price of £6,990. 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 also depend on several factors.

If I am to decide the car wasn't of satisfactory quality, I must be persuaded faults were present at the point of supply. Faults that developed afterwards are not relevant, moreover even if the faults reported were present at the point of supply this will not necessarily mean the car wasn't of satisfactory quality. This is because a second-hand car might be expected to have faults, for example tyres may be damaged from wear and tear but this will not necessarily mean the car is not of satisfactory quality.

I'm persuaded there is a fault with the car. I say this because two independent reports have determined there are problems including engine failure. Startline hasn't disputed there is a fault.

Miss D broke down on 25 June, about four months after she acquired the car. She received a quote for the work (approximately £1,700) and attempted to get the car repaired during July. The main fault was wet belt failure. In its response to our investigator Startline said the correct process had not been followed in the first instance by Miss D. It said on 15 July it was advised the vehicle was to be recovered to the selling dealership to allow diagnosis and rectification of the issues. It said the broker and the selling dealership attempted to contact Miss D to arrange accordingly and it was notified on 25 July these attempts had been unsuccessful. Startline said the broker confirmed on 30 July it was still unable to contact Miss D.

Startline then said:

"Miss D advised that the recovery was not required as she had arranged alternative repairs directly with the dealer wherein, they contributed to the repairs."

It went on to say the selling dealership had not been afforded its opportunity to ensure the vehicle repairs were completed to the required standard. And the selling dealership confirmed the contributions given were done so as a gesture of goodwill without accepting liability.

I've seen a copy of an email dated 3 July from Miss D to Startline explaining that the dealer had refused to help and had told Miss D it had no liability beyond the three months.

I've also seen a copy of text messages between Miss D and the supplying dealership during July. Miss D said that during this time it was hard to get hold of the dealer and I can see several messages asking for a response.

Then on 22 July Miss D said

"I am about to phone the finance company can you please let me know what you

want to do before I take further action”

I can see Miss D attempted to get a text response from the dealership on 25 and 26 July and eventually spoke to someone at the dealership on 26 July. Miss D wrote:

“Thanks for taking the time to speak to me today as I said I am prepared to get the car fixed at a local garage albeit with a substantial cost to me. However I would require a sum of £700 to put this matter to bed and stop any further action against yourselves”

The dealership advisor responded with:

“I have spoken to them and to end the matter amicably they have offered £530 as a maximum. Initially this was lower but they have revised it upwards after I had a conversation with them. Kindly let me know if this is acceptable to bring this matter to a full and final settlement and I will then get the payment actioned ASAP.”

Where the evidence is incomplete, inconclusive, or contradictory as it is here, I reach my decision on the balance of probabilities - in other words what I consider is most likely to be the case considering the available evidence and the wider circumstances.

I haven't seen anything in the messages between Miss D and the dealer which suggests the dealer's offer was a gesture of goodwill. In her complaint to this service Miss D said:

“ We contacted the dealer straight away, but they point blank refused to help in any way as it was over 3 months since we purchased the car, even though I was told it was six months at the time of purchase. We then called the broker and we got the same response...At that stage, we contacted Startline for help, it took nearly a month but finally, contact with the dealer was made and he admitted there was a problem he paid £550 towards the repair which would be carried out at the garage the recovery service recommended agreed by the dealer as he was over an hour away and it would cost him a lot more if he took it back and repaired it.”

This testimony together with the offer from the dealer to contribute to the cost of repair and its response saying “full and final settlement” indicates to me the dealer was more likely agreeing the vehicle had a fault, accepting liability and allowing the car to be repaired at a third party garage. I understand that Startline doesn't believe it had the opportunity to repair but I don't agree. The car failed within six months. The dealer wasn't local to Miss D and the offer of part payment for the repair was in full and final settlement which persuades me the dealer accepted the car had a fault and this repair was authorised. So I'm persuaded the car wasn't of satisfactory quality and was repaired.

When the car failed again in October two independent inspections were carried out.

V's inspection concluded:

- *“... the intake camshaft pulley housing has broken up, this subsequently has resulted in a loss of engine timing and displacement of the timing belt.*
- *The timing belt and vacuum pump do appear to be of recent fitment, and as such, it would be prudent to interrogate the recent repair and maintenance history of the vehicle to confirm when this repair was undertaken. =*
- *When the wet belt deteriorates on this engine, debris is circulated within the oil and becomes entrapped within oilways.*
- *The debris can also block a small filter gauze in the engine block, which then restricts lubrication to the camshaft pulley, causing timing anomalies.*

- *It is therefore considered in this instance that the current tissue is due to a previous wet belt concern.*
- *It would have been prudent to present the vehicle to the previous repairer for their consideration, although due to the now dismantled state, this may not be possible.*
- *We can conclude that the intake camshaft pulley has broken up, and it is considered that this is the result of previous wet belt concern and debris circulation."*

S's inspection concluded:

- *"... a section of the camshaft gear has part broken away and become lodged within the end of the gear...this appears to be the result of material failure and not as a consequence of the recent wet belt replacement at 65,983 miles..."*
- *We would finally conclude that more importantly the issues would not have been present or developing at purchase and therefore not the selling agents responsibility...*
- *No, we do not consider that there have been any durability issues since purchase."*

I've no reason to doubt the independence, reliability and technical analysis of either of the technical inspections. The fact their findings contradict each other shows that the nature of the problems with the car and who is liable hasn't been easy to establish. So I must again consider what I think is more likely to be the case.

V's report explains the link between the current problems and the previous repair of the wet belt. And I find it's explanation more persuasive. Startline has noted that Miss D has been able to drive the car approximately 10,000 miles. The repair in July was at approximately 66,000 miles. I accept that Miss D has been able to use the car, albeit compromised, but satisfactory quality also includes that parts must be reasonably durable.

Miss D said after she received a copy of S's inspection she sent it to the warranty provider. She said because there is a contradiction in the reports it offered her a contribution of £1,300 towards a repair of £4,000. I haven't seen confirmation of this offer but I find Miss D's testimony credible and lends weight to my belief that the problems with the car are more likely in line with the conclusions of V's report.

But even if I was more persuaded by the conclusions reached in S's report and that the faults presented in October weren't present or developing at the point of sale I'm still satisfied Miss D should be allowed to reject the car. I say this because I think the dealer accepted there was a fault with the vehicle in July and has already had one chance at repair within the first six months. And the vehicle has failed again. This is on top of the fact Miss D took the car back to the dealer very soon after she acquired it when she experienced an oil and coolant leak.

Startline told this service that as Miss D had arranged the previous repair without the involvement of Startline, the broker, or the selling dealer, it could not accept liability for the poor repair attempts that Miss D had authorised and paid for. But I don't agree that the previous repair was without the involvement of the selling dealer. Miss D provided copies of text messages which show how hard it was for her to get hold of the dealer when the original

wet belt problem occurred. She has said it appears she only received a response back after she left a negative review on a public review website. While Startline has said the broker's attempts to contact Miss D were unsuccessful at the end of July it hasn't provided any evidence of this.

I have also seen a message from the dealer to Miss D dated 26 July. It says

"yes we sold a lot to be fair they are not the best of engines have put a hold on buying these for now."

This message appears to acknowledge known issues with the engine of this make and model again lending weight to my belief that the dealer understood there to be a fault with the car.

So it seems likely to me that the repair has failed, and I am persuaded the car was not of satisfactory quality when it was supplied and Miss D should now be allowed to reject it.

Putting things right

As our investigator explained Miss D hasn't been able to use the car since 7 October 2024, so I think it fair that she is refunded all payments made since then. Prior to October although the car was in for repair at times Miss D was able to drive significantly above average mileage between February and October, so I think she's had fair use of the car, and I won't be recommending Startline refund any payments prior to 7 October.

Miss D has asked to be refunded for the cost of hiring a car. As I am instructing Startline to refund Miss D's payments she made after 7 October it wouldn't be fair for me to instruct it to also refund hire car rental costs.

Miss D has explained to this service how this situation has impacted her and the inconvenience it has caused. She has also explained how difficult it was to contact Startline and provided a record of calls made which was more than 30 calls between October and December. Startline has offered Miss D £250 for the distress and inconvenience, but I think it should go further. I agree with the investigator that a further £100 would be fair in these circumstances.

To put things right Startline Motor finance Limited must

- end the agreement with nothing further to pay
- collect the car (if this has not been done already) at no further cost to Miss D
- refund Miss D's deposit/part exchange contribution of £2,100
- refund Miss D all rentals for the period from 7 October 2024 to the date of settlement
- pay 8% simple yearly interest on all refunded amounts from the date of payment until the date of settlement
- pay Miss D £250 it offered if it has not already done so
- pay a further amount of £100, for any distress or inconvenience that's been caused due to the faulty goods, meaning Miss D should receive £350 in total
- remove any adverse information from the Miss D's credit file in relation to the agreement.

My final decision

My final decision is that I uphold this complaint and Startline Motor Finance Limited must put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 30 June 2025.

Maxine Sutton
Ombudsman