

The complaint

Mr W has complained that he is unhappy with the quality of a car he acquired in January 2024, using a hire purchase agreement with Tandem Motor Finance Limited ("Tandem").

What happened

Mr W acquired a used BMW in January 2024, using a hire purchase agreement with Tandem. The car cost £6,280, all of which Mr W borrowed over a term of 55 months, with monthly repayments of £158.41. The car was just over ten years old at the point of supply and the mileage stated on the invoice was 97,266. It looks as though the dealership that supplied the car arranged the finance with Tandem through a broker.

Shortly after acquiring the car, Mr W began to have problems with it and a number of repairs were needed. Mr W complained to the dealership in April 2024, and then to Tandem in May 2024. After obtaining an independent inspection of the car, Tandem issued its final response to Mr W in August 2024, saying that it upheld Mr W's complaint. Tandem accepted that the agreement should be ended and the car taken back.

In terms of redress, Tandem said that it would refund all of Mr W's monthly payments made under the agreement, minus a charge of 25p a mile for usage. But this mileage charge was higher than the monthly payments Mr W had made. Tandem also agreed to refund Mr W a sum of £324.40 for costs he had incurred (broken down as £50 for coolant, £59.40 for car hire, £45 for taxi fares, £100 for fuel, and £70 for a repair quote) and offered Mr W £500 in recognition of the distress and inconvenience caused.

However, Mr W was unhappy with this – he thought Tandem should pay him for costs he said he has incurred, relating to loss of earnings, time spent on phone calls and emails, and also pay a higher amount for the distress and inconvenience caused. Mr W said the total amount should be £7,902.84.

Mr W brought his complaint to this service. Our investigator looked into it and thought it should be upheld, insofar as he thought that Tandem hadn't acted fairly in calculating the redress. Tandem didn't agree so the complaint came me for review. Mr W was also unhappy that there had been a delay in the collection of the car and the ending of the contract. Tandem said it was happy for this service to consider the issue of delays.

I issued my provisional decision in May 2025, in which I explained that I agreed with our investigator's conclusions, but that I proposed a slightly different amount of redress. Both parties have now responded, saying that they agree with my provisional 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.

I've decided to uphold Mr W's complaint. I'll explain why.

I've taken account of the relevant law, in particular the Consumer Rights Act 2015, ("CRA"). Because Tandem supplied the car under a hire purchase agreement, it's responsible for a complaint about the quality, and there's an implied term that the car was of satisfactory quality. Cars are of satisfactory quality if they are of a standard that a reasonable person would expect, taking into account all of the relevant circumstances such as (amongst other things) the age and mileage of the car and the price paid. When considering satisfactory quality, I also need to look at whether the car is durable – that is, the components within the car must be durable and last a reasonable amount of time.

There are certain times, set out in the CRA, when a consumer is entitled to reject goods, in this case the car, if they don't conform to contract – a short term right to reject within 30 days of taking delivery, or a final right to reject if a repair or replacement hasn't resulted in the car subsequently conforming – that is, it then being of satisfactory quality.

In this case, Tandem has already upheld the complaint about the quality of the car, so I don't need to look at the problems Mr W had with the car. So the only thing I need to consider is whether it has acted fairly in calculating the redress due to Mr W.

I set out my reasoning in my provisional decision as follows.

"Tandem sent in copies of the finance agreement, and its records of its contact with Mr W, and other documentation relating to the complaint. Mr W provided details of the losses he said he had incurred.

As I noted above, Tandem agreed to pay Mr W £824.40 in relation to costs he had incurred and an amount in recognition of the distress and inconvenience caused.

However, Tandem also said that it would refund the payments Mr W had made under the agreement, but that it would make a charge of 25p per mile as a usage charge. Tandem said this was an industry standard, and therefore, as Mr W had travelled 6,834 miles in the car, the total charge was £1,708.50. This exceeded the total payments made by Mr W by £599.63.

After deducting this amount from the payment of £824.40 noted above, this left a net refund of £224.77 due to Mr W. (I note Tandem later said that it had refunded £251.77 to Mr W, but didn't state how it had calculated the additional £27).

I'm not satisfied that this is fair. The CRA allows for a finance company to make a deduction for fair use. It doesn't set out what rate or method should be used. Our approach is to look at all the circumstances and decide what's fair and reasonable. In this case, the agreement doesn't contain a mileage allowance, and there is no provision for Tandem to charge for any excess miles covered. Mr W had been driving the car for around seven months before it was rejected. He completed 6,834 miles during this time, which doesn't seem overly high.

Whilst a mileage charge of 25p per mile doesn't appear excessive in itself, I don't think that such a charge is fair and reasonable in the circumstances of this complaint. I've taken into account the length of time Mr W had the car for, the mileage he covered, and the impact on him. As Mr W did have use of the car, I think it fair that Tandem retains the monthly payments made under the contract. But I don't think it should impose a higher charge than the total of those monthly payments in relation to the usage of the car.

Tandem included in its offer of redress an amount of £324.40 to cover a number of costs incurred by Mr W. There is no dispute about these. Mr W has told us that he has incurred other costs because of the faults with the car, which haven't been covered by Tandem. In particular, these related to jobs he lost - Mr W wants compensation for his lost income. I

accept that this will have caused Mr W some difficulty, but I'm conscious that the car was bought in a personal capacity. So I can't fairly consider this aspect. I also don't consider it fair to require Tandem to compensate Mr W for the time spent on calls and emails.

However, I have considered the impact on Mr W in terms of the distress and inconvenience caused by the faults with the car. Taking all this into account I think the offer of £500 in this respect is fair and in line with the approach taken by this service.

Overall I consider that Tandem should pay to Mr W the full redress of £824.40 that it originally calculated, without deduction of the amount relating to the usage charge.

I've also thought about the information provided by Mr W in November 2024 about the delay in unwinding the contract.

In October 2024, Mr W said that the car hadn't been collected until the 25th of that month, and the agreement hadn't been unwound despite him being told it would be all be done within 28 days after the final response letter was issued. He said the broker had told him that his new application for car finance was on hold until the car was collected. Mr W thought that he should receive a higher amount for the distress and inconvenience caused to him.

In November 2024, Mr W said that he'd been told by the broker that the contract still hadn't been unwound. He said that as a result he was incurring car rental and temporary insurance costs as his new finance application was still on hold. He told us about amounts of £99.21 and £87.52 that he'd paid out in relation to car hire and insurance costs.

We asked Tandem about this, and it told us in November 2024 that, although Mr W's account had been settled in September 2024, it had not hitherto made the necessary arrangements for Mr W's credit record to be updated. Tandem went on to say that this had been rectified, but it would take a further six to eight weeks for the credit record to be updated.

Mr W then sent us a copy of an email from the broker saying there had been a delay in reaching a complaint resolution due to difficulties with the supplying dealership, and a copy of a text from the broker at the end of November 2024 saying the unwinding of the contract was still not complete.

It's difficult to understand what happened here, as Tandem sent in a statement of account showing the balance on the agreement was cleared in September 2024. So I can't see why there would have been a later disagreement with the supplying dealership. However, I can see that the failure to update Mr W's credit history could well have affected his ability to get a new finance agreement for a replacement vehicle.

Mr W has detailed costs of £99.21 and £87.52 for car hire and temporary insurance. In the circumstances I think it fair for Tandem to refund these. I accept that Mr W may have incurred other costs in this regard, but equally I can't fairly say with any certainty that Tandem was responsible for all of the delays involving the broker and supplying dealer. So I think a refund of these amounts represents a fair outcome.

In summary, I am proposing to uphold Mr W's complaint insofar as I don't think Tandem acted fairly in calculating the redress. Therefore it should pay Mr W additional amounts to cover the deduction it made for fair usage and refund the car hire and insurance costs specified by Mr W."

As I noted above, both parties responded to say they agreed with my provisional decision. As no new evidence or information has been provided, I have no reason to change my conclusions. Therefore I uphold Mr W's complaint.

Putting things right

The car has been collected and I understand that Tandem has paid Mr W an amount of £251.77. So Tandem should:

- Ensure Mr W's credit record has been corrected in relation to this agreement.
- Pay Mr W the difference between the amount of £824.40 (relating to the refund of costs and the amount in recognition of the distress and inconvenience caused) and the amount it has already paid.
- Refund the sums of £99.21 and £87.52 in relation to car hire and insurance costs.
- Pay 8% simple yearly interest* on all refunded amounts from the date Mr W paid them to the date of settlement.

*If Tandem considers that it is required by HM Revenue & Customs to withhold income tax from that interest, it should tell Mr W how much it's taken off. It should also give Mr W 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 given above, I have decided to uphold Mr W's complaint and to require Tandem Motor Finance Limited to compensate him as described above.

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

Jan Ferrari
Ombudsman