

The complaint

Mr T complains about the quality of a used car he acquired through a hire purchase agreement with Advantage Finance Ltd ('Advantage'). Mr T says that he bought a car that was faulty and was mis-sold to him. He is unhappy about the customer service he has received in respect of the quality of the car, and he thinks that Advantage's actions have led to him losing his right to reject the car.

What happened

Mr T has raised several complaints about Advantage. I'm not looking at all of these here. I'm just considering whether the car he acquired is of satisfactory quality and the administration of an account credit Mr T received in 2024.

Part of Mr T's complaint is about the quality of a car he acquired in July 2023. The car was used, and it was first registered in March 2014. So, it was nine years old when Mr T received it, and it had covered 59,426 miles.

Mr T acquired the car using a hire purchase agreement that was started in July 2023. The vehicle had a retail price of £7,314. Mr T paid a £384 deposit meaning £6,935 was financed. This agreement was to be repaid through 60 monthly instalments, there were 59 monthly repayments of £227.76 and then a final instalment of £427.76. Based on the statement of account an outstanding balance remains due. If Mr T made the repayments in line with the credit agreement, he would need to repay a total of £14,349.60.

Mr T has also complained about how a credit to his account was administered.

In respect of Mr T's complaint about the quality of the car. Below is a summary of the issues complained about by Mr T, alongside what has happened in respect of the complaint.

Mr T says in August 2023 the car developed a coolant leak. He says that he had this repaired at his own expense. He hasn't been able to provide any further detail about this repair.

In September 2023, Mr T contacted Advantage and the dealership about the car. I understand the dealership found out that the car had a problem with the head gasket. Mr T initially said that the warranty company would pay for some of the repair and the dealership the rest. He later said that the dealership would not pay for some of the repair. Mr T was informed about how to make a complaint at this time, and I can see he asked to reject the car.

Advantage, during this complaint investigation, tried to arrange to have the car inspected by a third party to determine what the faults with the car were. Mr T was unable to agree a time to do this and I understand he eventually decided not to proceed with an inspection.

In October 2023, Mr T contacted Advantage saying that he was having problems with the gear selection cables, the coolant reservoir and the car had worn tyres. He says it wasn't clear to him that the car had undergone a service prior to him acquiring it.

Later in October 2023 Mr T Informed Advantage that an agreement was reached between the dealership, and possibly the broker, about the repairs to the car and the complaint could be closed. Advantage has said it wasn't involved in this process and Mr T has been unable to provide any further documentation or details about this. Mr T has said these repairs have come about after he left a negative review on social media.

Advantage produced a final response to the complaint in October 2023 that confirmed that the complaint was closed as the car had been repaired.

In April 2024, Mr T said the car broke down, he says this was due to more coolant problems. Mr T complained to Advantage, again in April 2024, about the faults with the car at that time. Mr T didn't receive a response within eight weeks, and he brought his complaint to the Financial Ombudsman Service.

In May 2024 Advantage again tried to have the car inspected to determine if the current problems were due to failed repairs but he couldn't arrange a time when the car could be inspected. I understand this hasn't taken place, again, Mr T didn't want the car inspected.

Later in May 2024, Mr T said that a third party garage had repaired the car, it had performed a wheel bearing replacement at a cost of £160 and a service at a cost of £180. And he said this garage inspected the car, but it found no further faults with it. Advantage said that it would refund these payments if Mr T could provide an invoice for them. Mr T hasn't been able to do this.

Our Investigator upheld Mr T's complaint. She said that the car wasn't of satisfactory quality due to the gearbox and head gasket issues, but these have been repaired successfully. She thought that the coolant issues weren't due to a failed earlier repair.

She said that it was fair that Advantage still paid for the work on the car it had earlier offered to do if Mr T could provide some evidence he has incurred these costs. And it should pay £250 for the distress and inconvenience this whole issue has caused him.

Mr T and Advantage both agreed this was a reasonable way to resolve the complaint.

There was some further correspondence, but Mr T was unable to provide invoices or receipts for the costs he said he had incurred. He said that when he had the car repaired he paid cash for an 'instant repair'. And he initially said he would agree to the £250 compensation payment only.

He provided an invoice in respect of an MOT the car had in October 2024. He said that, as this assessed the car for faults, then it should be considered a diagnostic, and Advantage should pay for this. Our Investigator didn't agree with this. The £250 compensation was paid to Mr T.

As part of this correspondence our Investigator went on to look at the complaint Mr T has raised about the administration of one of his payments.

In May 2024 Advantage, because of the complaint, agreed to pay the finance payment that was due on 15 May 2024. The payment date was changed to the 10th of the month as part of this process. But on the 10th of May 2024 a payment was taken and Advantage also credited Mr T's account for the monthly payment. Mr T then reclaimed the payment that was made from his bank.

Advantage has said that it has no objection to Mr T keeping the amount he received from his bank and the account credit, which was £455.52 (or two payments) in total. But it was still reporting a 'missed' payment on his credit report due to the amount Mr T had received from his bank. Our Investigator said that as Advantage had agreed to this then his credit reference agency data shouldn't show this.

Advantage has agreed to this, and I understand it has been actioned. Mr T hasn't raised any subsequent concerns regarding this.

But Mr T still thinks that he has 'lost' the right he had to reject the car, and he feels he should receive some compensation as he has spent 'thousands' on the car. As no agreement has been reached the complaint has been passed to me to consider.

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. Advantage as the supplier of the goods under this type of agreement is responsible for a complaint about their quality.

The Consumer Rights Act 2015 ('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 nine years old when Mr T acquired it and it had travelled around 60,000 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 T should have been able to use it for a reasonable period before it needed significant work.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it to reach what I think is the right outcome.

Mr T has said that the car had a significant number of faults. Our Investigator thought that the problems Mr T has said the car had with the head gasket and the gearbox made the car of unsatisfactory quality. Both Mr T, and Advantage, have been unable to supply very much information about the problems with the car. But I can accept that, having looked at everything I've been provided, the car may have had problems with the head gasket and the gearbox which were repaired. And these may have led to the car being of unsatisfactory quality. In reaching this conclusion I've noted that Advantage didn't disagree with our Investigator when they upheld Mr T's complaint on this basis.

I've considered what should have happened with the car because of this. Alongside Mr T's comments about being able to reject the car.

Under the CRA Mr T had an automatic right to reject the car, if it was of unsatisfactory quality, within the first 30 days. Mr T didn't try to reject the vehicle within the first 30 days and so this right to reject the car expired. Mr T can't reject the car under this provision of the CRA.

Again, under the CRA, and very broadly, where it is determined that the car is of unsatisfactory quality outside of this 30 day window (but usually within the first six months) then a repair is usually the right remedy. But if this repair fails, or is not completed within good time, or if further repairs are needed, then Mr T would have a final right to reject the car.

This is the crux of Mr T's ongoing complaint about the car. He thinks that earlier repairs have failed, and the faults with the car have been too numerous or have taken too long to repair. He says the repairs have not fully rectified the problems he has had with the car.

But the evidence I have seen doesn't support this. Firstly, Mr T has been unable to supply any substantial evidence about the work that has been performed on the car. Whilst I'm not doubting what Mr T has said, it is difficult for me to understand why, if the car has needed so much work, and even if this was done on a '*cash basis*' that there isn't some kind of record of it. But in the absence of this evidence, I can't uphold his complaint on this basis.

Added to this Advantage did start to investigate the problems with the car when Mr T raised them both in 2023 and 2024. And it arranged to have the car looked at by a business that investigates the quality of cars in relation to the CRA. But before these could be completed, Mr T said that the reports were no longer necessary as the car had been repaired satisfactorily, albeit at some cost to him. Again, I can't uphold the complaint on the basis that any repairs to the car were not completed satisfactorily when Mr T has said that they were completed satisfactorily.

And I understand that by October 2024 Mr T had been able to drive the car over 16,000 miles and so he clearly has been able to use it. Which leads me to conclude that any problems Mr T may have had with the car haven't materially impacted his use of it in any event.

So, I don't think he has a right to reject the car due to any repairs, or failed repairs. And I don't believe that Advantage has unfairly not allowed Mr T to not reject the car.

Advantage has agreed to pay for some of the repairs that Mr T has said were completed, provided Mr T could supply invoices (or similar) in respect of this work. This is the wheel bearing and service costs I've outlined above. Mr T has been unable to provide this documentation, and he later agreed that the compensation for £250 should be paid only. So, whilst I agree that Advantage should do what it has agreed to do, if Mr T can't show that he has paid these amounts then it doesn't need to pay them.

I don't think Advantage should pay for the MOT test Mr T had done and the maintenance that was performed same time as this. MOT tests are a legal requirement, and I've seen no indication that the repair and maintenance was related to any problems he had with the car. So, these are costs Mr T would have had to pay in any event.

I can accept that Mr T was inconvenienced by the problems he has had with the car. And some of this does seem to be due to the quality of the car. Advantage has agreed to pay Mr T £250 for this, and I understand it has done this. I think this was a fair way to resolve this part of Mr T's complaint.

Lastly Advantage has agreed to amend Mr T's credit file. I understand it has done this. Again, I agree that this is reasonable for this part of Mr T's complaint. There has been no further comment about this and I've nothing to add.

Putting things right

I uphold this complaint against about Advantage and it should pay compensation. I understand all the directions below have been completed as far as they can be. But I do need to detail the compensation here

- Pay £250 for any distress or inconvenience that's been caused. If Advantage has paid this then it doesn't need to pay it again
- Pay for the wheel bearing and service costs I've outlined above. Mr T needs to supply invoices (or similar) from a (VAT registered) garage that did this.
- Amend Mr T's credit report to show remove the reference to Mr T missing a payment at the time Advantage agreed to credit his account. I understand this has already been done.

My final decision

For the reasons set out above, I uphold Mr T's complaint.

Advantage Finance Ltd 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 T to accept or reject my decision before 8 July 2025.

Andy Burlinson
Ombudsman