

## **The complaint**

Mr B complains about the quality of a car Bank of Scotland plc trading as Halifax supplied to him under a hire purchase agreement.

## **What happened**

The facts of this case are familiar to both sides, so I don't intend to repeat them again in detail here. Instead, I'll provide a summary.

Mr B entered into a hire purchase agreement with Halifax on 4 December 2023 to purchase a car. The cash price of the car was £26,990. This was funded by a £6,000 deposit and £20,990 in finance. The total amount due under the agreement, including interest and charges, was £29,675.52 to be repaid through 47 monthly instalments of £493.24, followed by a final monthly instalment of £493.24.

On 26 June 2024, the car broke down. The following week, Mr B contacted Halifax to raise his concerns about the quality of the vehicle. In doing so, he explained that the engine has been severely damaged due to the cam bolts/retaining bolts coming loose which, in turn, released the cam/timing belt.

Mr B complained to Halifax about this matter on 2 July 2024. Halifax responded by asking Mr B to provide evidence in support of his claim.

Mr B arranged a further diagnostic check (at a cost of £1,179) to be carried out by the garage and, once ready, sent it to Halifax for consideration.

There was quite a bit of back and forth between both parties in the weeks that followed but, on 30 August 2024, Halifax issued its final response in which it said, in short, that the vehicle has not been serviced in-line with the service schedule, and this may have contributed to the fault. Therefore, it did not uphold the complaint.

Unhappy with this, Mr B referred his complaint to the Financial Ombudsman Service.

One of our investigators looked into what had happened and, in November 2024, issued their findings in which they did not uphold the complaint.

Mr B did not agree with our investigator and, in doing so, provided submissions from a third party he appointed to act on his behalf.

As an agreement couldn't be reached, the complaint was passed to me to review afresh.

On 20 May 2025, I issued a provisional decision in which I upheld the complaint. I've reproduced that provisional decision below - and it is incorporated as part of my overall findings.

I invited both parties to let me have any further comments they wished to make in response, and I will address their responses later in this decision.

## **My provisional decision**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint, however I won't comment on everything. Instead, I'll comment only on what I think is required to reach a fair and reasonable answer in this case. This is not intended as a discourtesy to either party, but it reflects the informal nature of this service in resolving disputes.

The agreement in this case is a regulated consumer credit agreement. As such, this service is able to consider complaints relating to it. Halifax was also the supplier of the goods under this type of agreement, and responsible for a complaint about their quality.

The Consumer Rights Act 2015 (CRA) is of particular relevance to this complaint. It says, amongst other things, that every contract to supply goods is to be treated as including a term that the quality of the goods is satisfactory.

The CRA says the quality of goods is satisfactory if they meet the standard that a reasonable person would consider satisfactory taking into account 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 take into account might include things like the age and mileage at the time of sale and the vehicle's history.

The CRA says 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 the quality of goods.

Mr B's claim is that the car Halifax supplied to him failed to meet at least some of these requirements, and therefore that it was not of satisfactory quality.

Halifax did not supply Mr B with a new car here. The car was around six years old and had travelled over 96,000 miles at the point of supply. And while it was not an inexpensive car - the price was a good deal less than it would have been new.

So, I think it is fair to say that a reasonable person would expect that it would not necessarily perform as well as a new car. And there would be a high risk – if not an inevitability - of wear and repairs arising from previous use and maintenance by former users. In other words, there's a greater risk this car might need repair and/or maintenance sooner than a car which wasn't as road-worn.

In this case, the car broke down in June 2024, a little over six months after Mr B had taken ownership of it. Where issues are raised within the first six months there is a rebuttable presumption under the CRA that they were present at point of sale or supply. But that presumption doesn't apply at the point Mr B raised his concerns. But, importantly, it isn't replaced by a presumption that the goods did conform to contract.

Instead, the question becomes whether, on balance, it is more likely than not that the goods failed to conform to contract. So, I need to consider whether the issues Mr B describes amount to a lack of satisfactory quality such that this contractual requirement has been breached. If so, does the information Mr B has provided indicate the issues were present or developing when he got the car?

When Mr B contacted Halifax he presented evidence that the car had suffered a significant engine failure just over six months after it was supplied, along with photographs of the retaining bolts at the bottom of the engine pan where they dropped after falling out. Since owning the vehicle Mr B had travelled around 7,000 miles.

The diagnostic report carried out by the garage initially found that there was a scraping/rattling noise coming from the left-hand part of the engine. The engineer went to say that there was no significant signs of metal in the oil filter however, on removing the oil filler cap noted that the camshaft was not turning. The engineer noted that the timing chain had snapped/jumped. After stripping the camshaft cover and timing cover, it was noted that the retaining bolts had fallen out of the camshaft pulley causing damage to the engine.

It seems the cause of the retaining bolts working loose and falling out is unknown. But I've not seen any evidence to suggest that it is likely – or indeed even possible - that the issues with the timing chain would cause the retaining bolts to work loose and fall out. In fact, it seems more plausible that the retaining bolts worked loose causing the timing chain to jump, rather than the other way round.

So, on balance and in the absence of evidence to the contrary, I'm satisfied that the retaining bolts working loose and falling out of the camshaft pulley – which holds the timing belt – was the root cause of the engine failure.

I note Mr B reached out to another garage which specialises in this type of vehicle to obtain its position with regards to the retaining bolts. The garage said that properly torqued bolts should not just work loose and fall out. It went on to say that if the vehicle hasn't had work done in that area [which may require the bolts to be replaced] that should not be the case.

I'm not aware that any work has taken place in that area of the vehicle – at least not since Mr B took ownership of it. So, in the absence of evidence to suggest otherwise, I think the problem with the retaining bolts was likely present or developing at the point of sale.

But even if I'm wrong about this, I still need to consider whether the car was sufficiently durable. It strikes me that the failure of the car – of the nature Mr B experienced - after only just over six months is not something a reasonable person would be likely to consider indicative of satisfactory quality or sufficient durability notwithstanding its age and mileage.

In response to the claim, Halifax has placed weight on the absence of a service in March 2024. Halifax has said – having spoken to the third-party dealership – the life expectancy of the timing chain is 84 months and, therefore, would have been changed during the 84-month service had it gone ahead. The third-party dealership went on to say that a late service would impact the timing belt.

I note that 84 months from the vehicle registration date is actually March 2025, not March 2024. So, if the timing chain had been shown to have failed by March 2024 – when Halifax says the vehicle should have been serviced - it would have done so well short of the life expectancy set out by the third-party dealership. This, in turn, would bring into question other issues about satisfactory quality and durability.

However, putting that to one side, as I've said I think the timing chain jumping was more likely than not a symptom – rather than a cause – of the problems Mr B experienced with the vehicle. I think the root cause was a problem with the retaining bolts – which there is no evidence to suggest are checked as part of a service. So, even if the service had gone

ahead in March 2024 and the timing chain had been replaced, I think the underlying problem with the car would have persisted and the problems Mr B experienced would have resurfaced at a later date. In short, the absence of a service in March 2024 does not alter the fact – based on the available evidence – that Mr B was supplied a car that was not of satisfactory quality. Nor does it break the chain of causation.

For completeness, I note Mr B has said that he was told by the supplying garage that the car

did not require a service in March 2024. As it does not have a material impact on the outcome I've reached – for the reasons I've explained above – I don't need to make a finding on this point.

In light of the available evidence, I am provisionally minded to conclude that the car Halifax supplied to Mr B was not of satisfactory quality. It follows that I also intend to conclude that Halifax hasn't treated Mr B fairly in rejecting that claim.

It is my understanding Mr B wants to reject the car – and I think this is fair in the circumstances. Usually, a supplier has an opportunity to repair at least once. However, it has now been nearly a year since Mr B reported the issues with the car and the car doesn't yet appear to have been repaired. Therefore, I'm not satisfied that repairs have been completed or carried out within a reasonable time or without significant inconvenience. What's more, I consider that repairs pose problems here due to their possibly disproportionate costs and the significant inconvenience Mr B has already experienced. In such circumstances, and with the CRA in mind I consider it fair that Mr B can exercise his final right to reject the car.

It is also my understanding that the car has been off the road and undrivable since 26 June 2024 and, since this date, Mr B hasn't been supplied with a courtesy car. As such, he was paying for goods he was unable to use. As, for the reasons already stated, I'm satisfied the car was off the road due to it being of an unsatisfactory quality when it was supplied, and as Halifax failed to keep Mr B mobile, I'm satisfied they should refund the payments he's made since 26 June 2024.

Finally, I'm satisfied that Mr B has been inconvenienced by what has happened. And Halifax should compensate him for this.

### **Responses to my provisional decision**

Mr B accepted my provisional decision with no further submissions.

Halifax didn't respond within the time set out in my provisional decision to do so. In the interests of bringing matters to a close I'm now proceeding with my 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 my provisional decision I set out my intended findings and the reasons for them. As I've said, I've received no comment from Halifax in respect of my findings, or any evidence that leads me to reach a different conclusion. And Mr B has accepted my provisional decision with nothing further to add.

With that being the case, I therefore adopt the findings set out in my provisional decision – and my resolution proposals – in full in this final decision.

### **Putting things right**

For clarify, I consider a fair resolution to be for Halifax to take the following steps

1. End the agreement with an effective date of 26 June 2024, ensuring that his credit file reflects the finance agreement as fully settled from that point;
2. Collect the car at no cost and minimal inconvenience to Mr B;

3. Refund the deposit Mr B paid (£6,000);
4. Refund all the payments Mr B has paid since 26 June 2024 to the date the agreement is ended;
5. Refund Mr B for the cost of the diagnostic report (£1,179);
6. Apply 8% simple yearly interest on the refunds (points 3-5), calculated from the date Mr B made the payments to the date of the refund†
7. Remove any adverse entries relating to this agreement from Mr B's credit file;
8. Pay Mr B an additional £200 to compensate him for the trouble and inconvenience caused by being supplied with a car that wasn't of a satisfactory quality.

### **My final decision**

For the reasons I've set out here and in my provisional decision, my final decision is that I uphold Mr B's complaint. To resolve matters Halifax must take the steps I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 2 July 2025.

Ross Phillips  
**Ombudsman**