DRN-5601685

The complaint

Mr H complains about a van supplied under a hire purchase agreement, provided by Oodle Financial Services Limited.

What happened

Around April 2023 Mr H acquired a used van under a hire purchase agreement with Oodle. The van is listed with a cash price of £11,099 on the agreement, was around eight and a half years old and an invoice shows it had covered around 89,750 miles. Mr H paid a deposit of £1,500.

Unfortunately, Mr H says the van developed issues. He said the turbo failed around two weeks after getting it. He said this was repaired under warranty but still cost him money in travel and transport costs. He said the van needed other repairs when it was later serviced. And he then said around mid-December 2023 the gearbox failed and the van needed to have the gearbox and clutch replaced.

At the end of January 2024 Mr H complained to Oodle. Oodle issued its final response at the end of February 2024. In summary, this said Oodle had explained to Mr H that it would require an independent report to determine if the faults with the van were present or developing at the point of supply. It said Mr H hadn't provided this and so it wasn't upholding the complaint.

Mr H then sent Oodle some testimony from a garage I'll refer to as 'G' who had seen the van. This said, in summary, that the gearbox had metal debris inside that was also on the clutch. It said this was not due to wear and tear and wouldn't have been caused by Mr H.

Oodle responded and asked for the 'full report' and pictures from G. It then emailed Mr H at the beginning of April 2024 and said it wasn't willing to reopen the complaint as what G said didn't prove the fault was present or developing at the point of supply.

Mr H remained unhappy and referred the complaint to our service. He said he had to take time off work due to the fault with the turbo and pay around £480 for recovery to G. He said he paid out around £1,000 for servicing due to parts needing replacing. And he said what he'd provided from G showed the issues were potentially present before he got the van.

Our investigator issued a view and didn't uphold the complaint. They said, in summary, that the issue with the turbo didn't mean the van was of unsatisfactory quality at the time of supply, and in any event appeared to have been repaired. They said the later issues were due to wear and tear and that Oodle weren't responsible for these.

Mr H responded and said he didn't agree. In summary, he said he'd proven the fault with the gearbox was present before he'd got the van. He said he'd had a serious cost in loss of earnings. He said he shouldn't be accountable for what happened. And he said his credit rating had dropped and the situation was affecting his life and mental health.

Our investigator explained this didn't change their opinion. As Mr H remained unhappy, the

complaint was passed to me to decide.

I sent both parties a provisional decision on 19 May 2025. My findings from this decision were as follows:

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 initially think this complaint should be upheld in part. I'll explain why.

I should explain to both parties that I might not comment on every single piece of evidence or point raised. I'm going to focus my decision on the key facts and what I think is the crux of Mr H's complaint. This reflects the informal nature of our service.

It's also worth pointing out up front to both parties that this decision only addresses Mr H's complaint about the quality of the van. So I won't comment on any later issues Mr H raised with Oodle and our service.

When considering what's fair and reasonable, I take into account relevant law, guidance and regulations. Both Oodle and our investigator have gone into detail about the Consumer Rights Act 2015 ('CRA'). However, I don't think in this case this is the correct act to consider. I say this as I'm satisfied, based on what he told our service and Oodle's internal contact notes, that Mr H used the van for work. This means I'm satisfied he entered into the agreement wholly or predominately for business purposes.

I'm satisfied, because the agreement provided credit of less than £25,000, that it is not an 'exempt' agreement. This means it is still regulated and it follows that I'm satisfied our service has the power to look into a complaint about it. But, it does mean the CRA doesn't apply.

Instead, the Supply of Goods Act (Implied Terms) 1973 ('SGA') is relevant to this complaint. Fundamentally, this doesn't change too much from what our investigator explained in relation to the CRA. The SGA still says, in summary, that under a contract to supply goods, there is an implied term that the goods must be of 'satisfactory quality'.

Satisfactory quality is what a reasonable person would expect, taking into account any relevant circumstances. I'm satisfied a court would consider relevant circumstances, amongst others, to include the van's age, price, mileage and description.

So, in this case I'll consider that the van was used and cost around £11,000, which is significantly cheaper than it would've been new. It had also covered just under 90,000 miles. This means I think a reasonable person would have lower expectations for its quality than for a newer, less road worn model. But, I think they would expect it to be free from anything other than reasonably minor faults and would expect trouble free motoring for at least a short period of time.

What I need to consider in this case is whether I think Mr H's van was of satisfactory quality or not. Mr H has raised a few different issues, so I'll consider these in turn.

Mr H says the van developed issues shortly after he got it.

I've seen a letter dated 10 May 2024 from the supplying dealer. This states:

"On 24/05/23 (Mr H) had his van delivered back to us. This was due to the fact the van was smoking.

Originally the van had gone to (third party garage) but unfortunately they had damaged the bolts trying to remove the DPF and couldn't undo the last bolt. They didn't want to continue with the job so this is why the van came back to us.

(third party garage) had diagnosed the smoking been caused by the fifth injector. We thought it would be a case of rectifying their work, fitting a new injector and (Mr H) would be able to have his van back.

Unfortunately, after further investigation it was found that the problem had been misdiagnosed and the cause of the smoking was Turbo Failure. We ordered a Re Conditioned Turbo Charger.

The Rectification work to the DPF was done and a new fifth injector fitted at no cost to (Mr H).

The Turbo Charger was replaced, again, at no cost to (Mr H).

As there is no cost to (Mr H), no invoice was issued.

(dealer name) paid for this work to be done.

(Mr H) collected his van on 01/06/23

Had the original diagnosis been correct, (Mr H) would have been able to collect his van sooner, as we had discussed."

Mr H says the van went wrong after about two weeks. While I don't have an exact date for this, the above does state that another garage had the van first for work before the end of May. In any event, the date mentioned above is only just over a month after Mr H acquired the van.

Our investigator said this issue didn't make the van of unsatisfactory quality. But, I disagree. If the van did go wrong within two weeks, I think it's likely the issues noted above were either present or developing at the point of supply. And even if slightly later, the SGA explains the durability of goods can be considered as part of satisfactory quality.

Thinking about this, I don't think a reasonable person would've expected the van to have faults with the turbo, an injector and the DPF when supplied, or so soon after being supplied. It follows I find the van was of unsatisfactory quality due to these issues.

Mr H provided an invoice for servicing from mid December 2023. This included the replacement of the off side front driveshaft and other items, totalling £962.94. The mileage is noted as 102,401. There is no testimony on the invoice to give any further details, nor any other information from the time.

Given the lack of evidence, that this was around eight months after Mr H got the van and that it had covered around 13,000 miles, I'm not persuaded these issues were present or developing at the point of supply. Nor do I think a reasonable person would consider this meant the van wasn't durable at this point in time.

The next thing to consider is the issue with the gearbox. I've seen a copy of the invoice from G. This was from 12 January 2024 and noted the mileage as 102,741. At this point, this means Mr H had the van for around nine months and it was well over nine years old.

The invoice explains a reconditioned gearbox was fitted along with a clutch kit, but gives no

other details.

I've also seen a copy of an email from G. This is from the end of March 2024 and states:

"We found metal debris inside the housing unit the damage was also on the clutch which was worn and would have been like this for many months. The damage to the gearbox is gradual and would have take a while for internal workings to shred the fork and other elements we can't exactly how long (sic) but in my experience a few months at best. This wouldn't be considered as ware (sic) and tear as this is a mechanical breakdown and would not be caused by anything you would have done as instructed you can only change gears and have no access to the gearbox."

I've thought very carefully about this. And I appreciate Mr H says this testimony explains a fault was present or developing at the point of supply. But I disagree. G says the issue with the gearbox was developing over several months, but Mr H had the van for nine months at this point. And while G explains Mr H didn't cause the issue, this isn't the key point to consider.

I've thought about the fact the above says the clutch would have been 'worn' for many months, but Mr H's van was around nine years old at this time. So it makes sense that this wasn't new.

I know how strongly Mr H feels about this. But after carefully considering everything, I'm not persuaded the fault with the gearbox nor clutch was present or developing when Mr H got the van, given the time between him acquiring it, it then going wrong and the fact it was able to cover nearly 13,000 miles beforehand. I'm also satisfied a reasonable person would consider that the van was durable at this point.

Mr H also provided an MOT showing the van failed at the end of April 2024 due to brake pads and tyre depth. The mileage is recorded as 108,554. At this point, Mr H had the van for a year, and had covered around 19,000 miles.

Brake pads and tyres are both parts I would expect to suffer from wear and tear and will need replacing throughout the van's life. So, given how long Mr H had it and the miles covered, I don't find this means the van was of unsatisfactory quality when supplied.

In summary, I find that the van was of unsatisfactory quality when supplied due to the issues with the turbo, injector and DPF. But I do not think the same applies for the later faults and repairs.

I've gone on to consider what would be reasonable to put things right. It isn't in dispute that the supplying dealer repaired the issues with the turbo, injector and DPF without cost to Mr H. And I've not been provided with anything to suggest Mr H was charged by the first garage that saw the van. Thinking about this, I'm satisfied in broad terms that this was a fair and reasonable way to put things right for Mr H. But, I still think Oodle needs to take some action.

Mr H said this meant he was without a van while the repair was being carried out. So, I find it reasonable he is reimbursed the payments due under the agreement for this time. The only evidence I have of the dates here is from 24 May 2023 to 1 June 2023, but if Mr H can provide evidence of when the van first broke down, for instance any breakdown report or invoice from the garage who first saw it, I will reconsider this period.

Mr H has also explained that he had to pay over £450 for transport costs in May 2023. However I've seen no evidence of this. I find Oodle should reimburse these costs, assuming they are related to the initial repair, but only on production of valid receipts or invoices from

the time.

I also think Mr H has been caused distress and inconvenience because of these issues, and Oodle should pay him an amount to reflect this. It's important to explain to Mr H that I'm only considering this award specifically in relation to the first time the van went wrong. I was very sorry to hear about the overall impact of the van's problems and to read about Mr H's health. But, I think the large majority of the stress Mr H has suffered has been due to issues I've found Oodle are not responsible for.

That being said, I think it must have been upsetting for Mr H to acquire a van that needed quite major repairs so soon after he got it. He had to arrange for two garages to see the van and he's explained how frustrating this was. I find Oodle should pay him £150 to reflect this.

I gave both parties two weeks to respond with any additional comments or evidence.

Mr H didn't respond to the provisional decision.

Oodle responded and made various points.

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 carefully considered what Oodle said in response to my provisional decision.

Oodle said it didn't think the amount for distress and inconvenience was reasonable, and it noted that if the case was about a power tool it believed this wouldn't apply. It also said it wasn't reasonable to pay both an amount for distress and inconvenience and a pro rata amount for the repayments due when the van was being repaired.

This might sound very obvious, but this case isn't about a power tool. I need to consider what is fair and reasonable under the specific circumstances of Mr H's case. So, this doesn't change my opinion.

I've also considered the point about getting back part of the monthly payments in addition to an amount for distress and inconvenience. But I'm satisfied these are two separate things and it is reasonable to pay both. One is a reimbursement of the payments made while Mr H did not have the van, while one is to compensate him for the stress the situation caused.

Having gone over my provisional decision, I'd like to make it clear to both parties that when I referred to 'transport costs' this was solely in relation to the costs of transporting the van itself when it could not be driven in order to get diagnostics and repairs around May 2023. This is not in relation to any costs of keeping Mr H mobile himself.

Having thought about all of the other information and evidence again, I'm still satisfied what I set out in my provisional decision is fair and reasonable under the circumstances of this complaint.

My final decision

My final decision is that I uphold this complaint. I instruct Oodle Financial Services Limited to put things right by doing the following:

- Reimburse Mr H pro rata repayments for the period he was without the van from 24 May 2023 to 1 June 2023 * **

- Reimburse Mr H transport costs for the van from around May 2023 in relation to the breakdown, on production of valid evidence to Oodle such as an invoice and/or receipts* **

- Pay Mr H £150 to reflect what happened ***

* These amounts should have 8% simple yearly interest added from the time of payment to the time of reimbursement. If Oodle considers that it's required by HM Revenue & Customs to withhold income tax from the interest, it should tell Mr H how much it's taken off. It should also give Mr H a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue and Customs if appropriate.

** I believe there may be arrears on the account. If so, Oodle can use these amounts to reduce this balance.

*** This amount should be paid directly to Mr H.

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

John Bower
Ombudsman