

The complaint

Mr H complains that a used car supplied by Blue Motor Finance Ltd (Blue Motor) under a hire purchase agreement is of unsatisfactory quality.

What happened

Mr H took out the hire purchase agreement with Blue Motor in July 2024. The cash price of the car was £15,348, it was just under five years old and had done around 55,849 miles. Mr H paid a deposit of £2,610 and, under the agreement, is to make 60 monthly payments of £307.84.

Within 10 days of getting the car, Mr H returned it to the supplying dealership to investigate and repair some problems he was having. A report from the dealership said it resolved problems with the steering, the engine showing five fault codes and an ABS light showing on the dashboard. It said the fault codes were historic and were cleared and the car was taken on a 10-mile test drive, with no fault codes re-appearing. But it also said the testing was incomplete because the car had to be returned to Mr H.

In October 2024, Mr H said the same faults reappeared. At around this time, Mr H also complained to Blue Motor about the problems he was having. The car was again booked into the dealership for investigation and repair in November 2024. A report from the dealership said it repaired a broken wire leading to the driver side rear ABS sensor. It said the car was tested and was ok.

Within two days of collecting the car, Mr H said the fault lights were back on. Blue Motor arranged for the car to be inspected by an independent motor engineer. In his report, the engineer noted there'd been a previous repair to the car but that "*the repair undertaken is unknown*". He said fault code data relating to the right rear ABS sensor was stored on the car at a mileage of 59,400 miles. He said fault code data was also stored relating to the radar system at mileages of 59,170 and 59,386. His conclusion was that the car was showing signs of a defective rear right ABS sensor. From the freeze frame data, he concluded this had "*only just occurred and has not been developing since inception*".

On the basis of the independent motor engineer's report, Blue Motor didn't uphold Mr H's complaint. It said the issue with the car was a simple sensor defect that wasn't present at the time of supply.

Unhappy with this outcome, Mr H referred his complaint to us. The investigator who looked at it upheld it, saying the car wasn't of satisfactory quality when Blue Motor supplied it to Mr H. Our investigator thought the independent motor engineer's report was incomplete because the engineer didn't know about the fault code history that had been cleared from the car, or about the repair that was carried out in November 2024. From the other evidence he had, our investigator thought it was likely "*the component (ABS wiring/sensor issue) was worn out to the point of failure*" when the car was supplied to Mr H.

Mr H accepted our investigator's view but Blue Motor didn't. Relying on the independent motor engineer's report, among other things, it argued there was no evidence the fault with the sensor was anything other than wear and tear.

In response, our investigator said Mr H had reported the same faults from the start of his agreement and after he'd driven very few miles. So our investigator remained of the view that the car was of unsatisfactory quality at the time of supply.

Following our investigator's response, Blue Motor, while still disagreeing with his findings, offered to replace the sensor and pay Mr H £150 in compensation. Mr H declined this offer, saying he wanted to reject the car. So Mr H's complaint has come to me to decide.

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 also considered the relevant law and regulations, any regulator's rules, guidance and standards, any codes of practice, and (if appropriate) what I consider was good industry practice at the time.

Having done so, I've decided to uphold Mr H's complaint. I'll explain why.

Blue Motor supplied Mr H with a car under a hire purchase agreement. This is a regulated consumer credit agreement, which means we can look at complaints about it against Blue Motor.

The Consumer Rights Act 2015 (CRA) covers agreements such as Mr H's. Under it, there's an implied term that the goods supplied will be of satisfactory quality. And the CRA says goods will be considered of satisfactory quality where they meet the standard that a reasonable person would consider satisfactory – taking into account the description of the goods, the price paid, and other relevant circumstances. I think in this case those relevant circumstances include, but are not limited to, the age and mileage of the car, the cash price and whether the car was sufficiently durable.

The CRA also says the quality of the goods includes their general state and condition, as well as other things like their fitness for purpose, appearance and finish, freedom from minor defects, safety and durability.

Under the CRA, the general position is a consumer must show there's a fault with the car. But if they can do this and the fault shows the car wasn't of satisfactory quality in the first six months from supply then, broadly speaking, it's for the supplier (Blue Motor in this case) to show the goods did actually conform to the contract when supplied.

As I've mentioned, when Blue Motor supplied the car to Mr H, it was just under five years old, had done around 55,849 miles and had a cash price of £15,348. So I wouldn't have the same expectations of this used car as I would of one that was brand-new. As with any car, there'll be ongoing maintenance and upkeep costs. In used cars, it's more likely parts will need to be replaced sooner or be worn faster than in brand-new cars. That means Blue Motor wouldn't be responsible for anything that was due to normal wear and tear while the car was in Mr H's possession. But given the car's age, mileage and the price paid, I think a reasonable person would expect to have a period of trouble-free motoring immediately following supply.

That hasn't been Mr H's experience. As I've described, Mr H had problems with the car within 10 days of Blue Motor supplying it (and having travelled only around 400 miles). These related to the steering wheel and to various fault codes appearing on the dashboard, including the ABS. Subsequently, when the same fault codes reappeared, a broken wire to the right rear ABS sensor was found. And, ultimately, an independent motor engineer found the sensor needed to be replaced. On this evidence, I'm in no doubt there were faults with the car. But that doesn't necessarily mean it was of unsatisfactory quality when Blue Motor supplied it. So that's what I'll consider next.

Blue Motor says the presence of fault codes isn't proof of a fault, only that there may be one. And it relies on the conclusion in the independent motor engineer's report that the sensor failed after supply and so it says the fault was due to normal wear and tear.

But Mr H reported a problem with an ABS light showing on the dashboard almost immediately after Blue Motor supplied the car to him. He then reported exactly the same problem around three months later. At this point, the supplying dealership found a broken wire leading to the rear ABS sensor. This was repaired but it would seem the repair failed because, within a couple of days, the same fault codes reappeared. The independent motor engineer then subsequently found the right rear sensor had failed and needed to be replaced. This evidence of a series of problems over a period of months, all linked to the ABS, leads me to think it's more likely than not that a fault connected to the right rear ABS sensor was present or developing at the time of supply.

In making this finding, I've carefully considered the independent motor engineer's conclusions. But there's nothing in his report to suggest he knew that the same fault codes he was seeing had also been showing on the dashboard within days of Mr H taking possession of the car, nor that the history of these codes had been cleared. I understand the clearing of historic codes is standard practice but, in this case, I think it nevertheless meant the engineer didn't have the full picture about the car's history. And the engineer makes it clear he didn't know the nature of the previous repair (that is, the one made to the broken wire). Because I think the engineer was missing these key pieces of information, I don't think he had the car's full history. It's for this reason I don't attach the weight to the conclusions in his report as an expert that I ordinarily would.

For this reason, based on all the evidence, I think the car had faults with the steering (which was successfully repaired at the outset) and with the ABS sensor when Blue Motor supplied it to Mr H. And this means I think Blue Motor supplied Mr H with a car that was of unsatisfactory quality.

Having found that the car was of unsatisfactory quality, I now need to decide what Blue Motor should do to put things right for Mr H.

Section 24(5) of the CRA says "*a consumer who has ... the right to reject .. may only do so in one of these situations – (a) after one repair ..., the goods do not conform to the contract.*" This is known as the single chance of repair. And this applies to all issues with the goods, and to all repairs – it's not a single chance of repair for the dealership AND a single chance of repair for Blue Motor; the first attempted repair is the single chance of repair.

So the CRA is clear that, if the single chance of repair fails, as has happened here (where there have been two repairs), then the consumer has the right of rejection. That's the right Mr H wishes to exercise and I think that's the fair and reasonable outcome here.

To put things right for Mr H, Blue Motor must end Mr H's hire purchase agreement with nothing further to pay, collect the car at no cost to Mr H and refund his deposit of £2,610 (with interest).

From what I've seen, Mr H has been able to drive the car throughout the time he's been having problems with it. So I don't think it would be fair and reasonable for Blue Motor to refund Mr H all of his monthly payments. But I think Mr H's enjoyment of the car has been impaired for almost all of the time he's had it. And, from what Mr H says, there was one time – when the car went in for its first repair – that a courtesy car wasn't made available to him. Because of these things, I think it's fair and reasonable for Blue Motor to refund Mr H 5% of each of his monthly payments (with interest).

From the evidence, Mr H has spent time and effort trying to sort out the faults with the car with the dealership and with Blue Motor. Mr H says he's upset he's had to pay thousands of pounds for something that clearly had faults at the time of supply and went unresolved despite numerous visits to the dealership. I think Blue Motor's failure to supply Mr H with a car of satisfactory quality has caused him upset and worry, as well as some inconvenience. To compensate Mr H for the distress and inconvenience he's been caused, Blue Motor must pay him £150.

My final decision

For the reasons I've given, I uphold Mr H's complaint and direct Blue Motor Finance Ltd to:

- End Mr H's hire purchase agreement with nothing more for him to pay.
- Collect the car from Mr H within a reasonable time, at no cost to him.
- Refund Mr H his deposit of £2,610.*
- Refund Mr H 5% of each of his monthly payments from July 2024 until the date of settlement.*
- Pay Mr H £150 in compensation for the distress and inconvenience of being supplied with a car that was of unsatisfactory quality. Blue Motor Finance Ltd must pay this compensation within 28 days of the date we tell it Mr H has accepted my final decision. If it doesn't, it must pay interest at the rate of 8% a year simple from the deadline date for settlement to the date of payment.
- Remove any adverse entries relating to the hire purchase agreement from Mr H's credit file.

*Blue Motor Finance Ltd must pay Mr H interest at the rate of 8% a year simple on these sums from the date the payments were made until the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 17 September 2025.

Jane Gallacher
Ombudsman