

The complaint

Mr M complains about the quality of a car he acquired under a hire purchase agreement with MotoNovo Finance Limited (MotoNovo).

When I refer to what Mr M and MotoNovo said or did, it should also be taken to include things said or done on their behalf.

What happened

In September 2023, Mr M entered into a hire purchase agreement with MotoNovo to acquire a used car. The car was first registered in November 2019. At the time of acquisition, the car had travelled approximately 12,175 miles. The total cash price of the car was approximately £18,437 when Mr M acquired it. The total amount payable under the finance agreement was around £23,286. There was a deposit of about £2,971 (composed of cash and part-exchange of a car). The agreement consisted of 59 monthly repayments each of around £338.56 and one final payment of £339.56 which was to include an option to purchase fee of £1.

Mr M said he was supplied a faulty car and within two days the check engine and maintenance message/lights started appearing on the dashboard. Mr M said this cleared when he turned the car off, but then started coming on more frequently and would not clear when the car was restarted. So, he called the supplying dealership at the end of September 2023. As a result, the car was booked into their service garage for a check-up on 5 October 2023 and subsequently taken in for repairs due to be completed on 7 October 2023. When Mr M attended the garage for the repairs to be completed. After an hour of waiting, he said he was told that they discovered that wrong parts had been sent out, but that they would try to obtain the correct ones for the same day. However, later Mr M received an email to say the parts were out of stock and they would need to wait until the parts arrived. On 10 October 2023, Mr M said he received an email to say the correct parts had been delivered and he was asked to attend an appointment on 14 October 2023. But, he said, when he got there the assistant at the desk said he had not booked in for an appointment and they had no space so he would have to return on a different day. Mr M then rebooked for 17 October 2023 but even though the car had the new parts fitted, when the garage ran another diagnostic more warning lights appeared, and the car needed to go to the car's manufacturer dealership for further diagnostics. The supplying dealership booked this for 6 November 2023. But two weeks after these repairs the same fault had appeared and the car started to stall. Mr M said this is when the supplying dealership diagnosed a faulty accelerator switch, but after having the car for a day they could not fix it as they needed to order another part. Mr M said that at no point has a courtesy car been offered to him for the times when the car has been in for repairs. Since then, Mr M has experienced further issues and, as this has been going on for a long time, he now feels he should be entitled to reject the car.

In August 2024 MotoNovo wrote to Mr M and said they understood that parts have been on back order since January 2024 and that now Mr M also had a battery fault. They said the current mileage on the car, at that time, was confirmed by Mr M as 14,892 miles. In this correspondence they said that they received an email response from the supplying dealer on 25 July 2024, advising that the parts should be available by 26 July 2024, so they will be

able to book the car in for the following week. MotoNovo said they understood that Mr M still would like to reject the car, but, they said, when they confirmed with the supplying dealership they did not accept rejection as they said the part (the accelerator switch) will be ready on 26 July 2024, and that the dealership agreed to replace the battery free of charge even though it is a wear and tear item. But they said they have taken into consideration the issues Mr M has experienced so, they said, they will send £300 to his bank account.

Mr M was not happy so he referred his complaint to the Financial Ombudsman Service (Financial Ombudsman).

Our investigator considered Mr M's complaint. The investigator was of the opinion that Mr M should not be entitled to reject the car, but instead that MotoNovo should arrange for and cover the cost of the repairs to the car.

Mr M did not accept the investigator's findings, so the complaint has been passed to me to decide.

After reviewing the case, I issued a provisional decision on 28 May 2025. In the provisional decision I said:

“What I’ve provisionally 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.

Where evidence is unclear or in dispute, I reach my findings on the balance of probabilities – which is to say, what I consider most likely to have happened based on the evidence available and the surrounding circumstances.

In considering what is fair and reasonable, I need to take into account the relevant rules, guidance, good industry practice, the law and, where appropriate, what would be considered good industry practice at the relevant time. Mr M acquired the car under a hire purchase agreement, which is a regulated consumer credit agreement. Our service can look at these sorts of agreements. MotoNovo is the supplier of goods under this type of agreement and is responsible for dealing with complaints about their quality.

I have summarised this complaint very briefly, in less detail than has been provided, and largely in my own words. No discourtesy is intended by this. If there is something I have not mentioned, I have not ignored it. I have not commented on every individual detail. But I have focussed on those that are central to me reaching, what I think is, the right outcome. This reflects the informal nature of the Financial Ombudsman as a free alternative to the courts.

The Consumer Rights Act 2015 (CRA) covers agreements such as the one Mr M entered into. Under this agreement, there is an implied term that the goods supplied will be of satisfactory quality. The CRA says that 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 and the cash price. The CRA 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.

In Mr M’s case the car was almost four years old, with a total cash price of approximately £18,437. It had covered around 12,175 miles. So, it is reasonable to expect there to be some wear to it, and I would have different expectations of it compared with a brand-new car. As

with any car, there is an expectation that there will be ongoing maintenance and upkeep costs. There are parts that will naturally wear over time, and it is reasonable to expect these to be replaced. So, MotoNovo would not be responsible for anything that was due to normal wear and tear whilst in Mr M's possession. But given the age, mileage, and price paid, I think it is fair to say that a reasonable person would not expect anything significant to be wrong shortly after it was acquired.

Mr M thinks that he should be entitled to reject the car.

The CRA sets out that Mr M has a short term right to reject the car within the first 30 days, if the car is of unsatisfactory quality, not fit for purpose, or not as described, and he would need to ask for the rejection within that time. Mr M would not be able to retrospectively exercise his short term right of rejection at a later date.

The CRA does say that Mr M would be entitled to still return the car after the first 30 days, if the car acquired was not of satisfactory quality, not fit for purpose, or not as described, but he would not have the right to reject the car until he has exercised his right to a repair first – this is called his final right to reject. And this would be available to him if that repair had not been successful.

First, I considered if there were faults with the car.

Mr M said that in October 2023, the supplying dealership fitted some parts to resolve problems with the power and engine light coming on the dashboard, but as the parts fitted at the time did not fix the issue, the supplying dealership had the car booked into one of the car's manufacturers' garages. From this garage's invoice dated November 2023, I can see the car was diagnosed to have loss of power and engine warning light appearing on the dashboard. At the time the car had travelled around 12,907 miles (around 732 miles since supply). To resolve the issues with the car, the garage replaced spark plugs, fuel rail, injector, and seals. But Mr M said these repairs did not fix the problem as the car needed to be diagnosed again for the same issues, shortly after the repairs.

I can see that the supplying dealership in January 2024, when the car had travelled 13,324 miles (around 1,149 miles since supply), diagnosed the car again for having loss of power. The job sheet indicates the loss of power was confirmed and the diagnostic showed there were two fault codes. One was the P0420 code, which signalled a low catalyst system efficiency, and the other code was P2299 which was noted as accelerator pedal position sensor. And, I understand, that after some further checks the supplying dealership ordered some required parts.

Based on all of the above, I think the car was, most likely, faulty. But just because a car was faulty does not automatically mean that it was of unsatisfactory quality when supplied. So, I have considered if the car was of unsatisfactory quality when it was supplied to Mr M.

I have considered all the circumstances of this case, including all the arguments made by MotoNovo, but from the available evidence, I can see that Mr M raised the loss of power issues very quickly after the car was supplied to him. So, I think most likely, these were present or developing at the point of supply. Given the age, mileage of the car, the price paid, combined with how quickly Mr M raised the above faults, I do not think the car was of satisfactory quality when it was supplied to him.

I know that MotoNovo feels they should be allowed to have an attempt at a repair because, at the time, Mr M gave the supplying dealership the go ahead to order the parts and to complete the repairs. The supplying dealership has explained that the parts were on back order, so they feel the delays were outside of their control. And normally in situations, similar

to this one, I would have been inclined to recommended that Mr M is able to exercise his right to a repair before he should be allowed to reject the car. However, I do not think this would be fair and reasonable considering the specific circumstances of this case. I think a more fair and reasonable solution would be for Mr M to be able to exercise his right of rejection under the CRA.

When coming to this conclusion I have considered that the supplying dealership had seen the car on more than one occasion and failed to repair it. I also reflected that a repair would cause further delays, costs, and inconvenience to Mr M. Mr M first raised issues with the loss of power a long time ago, in September 2023. The supplying dealership knew what parts they required in January 2024, and they only mentioned that they finally had the parts in July 2024, which caused Mr M another six months of waiting for the repair. Under the CRA, MotoNovo are responsible for carrying out the repairs within a reasonable time and without significant inconvenience to Mr M, which has not happened in this case. Bearing in mind the specific circumstances of this complaint, and considering the amount of time that has passed, I do not think that a repair would be a fair and reasonable outcome. So, I think Mr M should now be able to reject the car.

MotoNovo should end the hire purchase agreement with nothing further to pay and collect the car from wherever it is located at no cost to Mr M. Any adverse information should be removed from Mr M's credit file and the credit agreement should be marked as settled in full on his credit file, or something similar, and should not show as a voluntary termination.

Mr M has been able to use the car, so I think it is reasonable he pays for this use. As such, MotoNovo can keep all payments that were/are due until they collect the car. However, driving the car with constant loss of power is likely to have been somewhat stressful and annoying to Mr M. So, this would have reduced the enjoyment Mr M would have had while driving the car. There is no exact mathematical method to quantify the impact of driving the car with such an issue but, having considered the circumstances, I think that Mr M should be entitled to 15% of the of the hire purchase repayments he has made.

MotoNovo should also refund the advance payment of £2,971.

MotoNovo should also add interest to the refunded amounts from the date of each payment until the date of settlement. Interest should be calculated at 8% simple per year.

I know that Mr M has mentioned that this situation had an impact on him and had caused him a lot of distress and inconvenience while trying to resolve it. Mr M has explained, in great detail, how this has impacted his life. Also, he had to take the car to several garages and spend a significant amount of time trying to resolve this issue. As part of this award in my decision I have also considered that during some of the repairs that were carried out, Mr M was not provided with any courtesy cars. I think Mr M would not have experienced all of this, had MotoNovo supplied him with a car that was of a satisfactory quality. So, I think MotoNovo should pay him a total of £450 in compensation to reflect the impact this situation had on him including the distress and inconvenience that was caused. This amount is £150 in addition to the £300 they offered to pay him already.

Mr M, more recently, has mentioned other faults with the car. But I do not think it would be right for me to consider these in this decision. I say this because MotoNovo has not had the chance to consider and comment on these. Also, I believe the outcome I am proposing, which includes the rejection of the car, and the redress as stated above, is already a fair and reasonable resolution to Mr M's complaint.

My provisional decision

For the reasons given above, I intend to direct MotoNovo Finance Limited to:

- 1. End the hire purchase agreement with nothing further to pay and to collect the car from wherever it is located at no cost to Mr M;*
- 2. keep all payments that were/are due until the car is collected, but refund 15% of all the payments Mr M made;*
- 3. Refund the advance payment of £2,971;*
- 4. Add 8% simple interest per year to all refunded amounts, from the date of each payment to the date of settlement;*
- 5. Pay Mr M a total of £450 compensation if this has not yet been paid;*
- 6. Remove any adverse information recorded on Mr M's credit file in relation to this credit agreement. And the credit agreement should be marked as settled in full on his credit file, or something similar, and should not show as voluntary termination.*

If MotoNovo Finance Limited considers that tax should be deducted from the interest element of my award, they should provide Mr M with a certificate showing how much they have taken off so he can reclaim that amount, if he is eligible to do so."

I asked both parties to provide me with any additional comments or information they would like me to consider by 11 June 2025.

Mr M and MotoNovo both responded and accepted 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.

In view of the response to my provisional decision, I've no reason to depart from the findings I've already reached in this case. So, my decision remains the same.

My final decision

For the reasons given above, and in my provisional decision, I uphold this complaint and direct MotoNovo Finance Limited to:

1. End the hire purchase agreement with nothing further to pay and to collect the car from wherever it is located at no cost to Mr M;
2. keep all payments that were/are due until the car is collected, but refund 15% of all the payments Mr M made;
3. Refund the advance payment of £2,971;
4. Add 8% simple interest per year to all refunded amounts, from the date of each payment to the date of settlement;
5. Pay Mr M a total of £450 compensation if this has not yet been paid;
6. Remove any adverse information recorded on Mr M's credit file in relation to this credit agreement. And the credit agreement should be marked as settled in full on his credit file, or something similar, and should not show as voluntary termination.

If MotoNovo Finance Limited considers that tax should be deducted from the interest element of my award, they should provide Mr M with a certificate showing how much they have taken off so he can reclaim that amount, if he is eligible to do so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or

reject my decision before 8 July 2025.

Mike Kozbial
Ombudsman