

The complaint

Mr C complains that a car that was supplied to him under a hire purchase agreement with Marsh FM LLP ("Marsh") wasn't of satisfactory quality.

What happened

In May 2024, Marsh provided Mr C with finance for a used car. The car had completed just under 50,000 miles and was just under 12 years old. The cash price of the car was £3,490.

Mr C didn't pay a deposit and applied for finance to cover the entire amount. The agreement was for 27 months, and Mr C also stated that the dealership provided a six-month warranty at the time of purchase.

Around June 2024 Mr C says he began experiencing issues with the car's clutch. When he attempted to resolve this through the warranty company, it couldn't confirm if the clutch was covered under the warranty. Mr C said the car was recovered by a third-party company and taken to a garage which said it couldn't source the necessary parts for the repair. Mr C also said he received advice from a second garage who said his car model had been discontinued and finding parts was difficult.

Unable to get the issue resolved, Mr C contacted Marsh to complain in August 2024. Marsh arranged for an independent inspection, which was carried out in September 2024. The report concluded the clutch issue was a known issue for this car model and therefore was likely to be pre-existing at the point of sale. It recommended that the manufacturer be approached to cover the repair costs, and if it refused, then the selling agent should take responsibility.

When Marsh didn't provide a final response within eight weeks, Mr C referred his complaint to our service in October 2024. Marsh issued a final response in December 2024 upholding Mr C's complaint. It said the car had been collected by the dealership in November 2024, the repairs were progressing well, and it expected to have the repairs completed by 13 December 2024.

Marsh also sent another email to Mr C in December 2024, providing an update on the status of his car repair and said it would be in touch as soon as it had any further updates. Mr C said he received no follow up communication from Marsh.

Mr C was eventually contacted by the dealership in January 2025 to advise him the car was available to collect. The car wasn't returned to Mr C until the end of February 2025 due to ongoing discussions about whether Mr C was expected to collect the car, or if the car should

be delivered back to him. Eventually the car was delivered to Mr C at the end of February 2025. Mr C said the car arrived with damage and an illuminated engine management light (EML).

An investigator at our service explained that their review was limited to the clutch issues and would not cover the new problems with the EML or damage to the car, as those issues arose

after the final response. The investigator concluded that both parties accepted the car was not of satisfactory quality due to the clutch fault, and that the repair was an appropriate remedy under the Consumer Rights Act 2015 (CRA). However, the investigator also said Marsh should refund all payments Mr C made from July 2024 until February 2025, with 8% interest, due to his inability to use the car. He also recommended Marsh pay £200 for the distress and inconvenience caused.

Mr C accepted the investigator's assessment but because Marsh did not respond, the complaint has been passed to me for a final decision.

I issued a provisional decision which said the following:

The finance agreement in this case is a regulated hire-purchase agreement, which we are able to consider complaints about.

As Mr C acquired the car with a hire purchase agreement with Marsh, under this type of arrangement, Marsh became the supplier of the car and is responsible if the goods aren't of satisfactory quality.

The CRA is of particular relevance 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".

The CRA says the quality of goods are 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. In a case involving a car, the other relevant circumstances might include things like the age and mileage at the time of supply and the car'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.

As a starting point there would need to be some evidence of what the fault was. And secondly, that the fault renders the car of unsatisfactory quality. It doesn't seem to be in dispute that there was a fault with the clutch in the car, nor that this fault was present when the car was supplied to Mr C making the car not of satisfactory quality. And so, I'm satisfied I don't need to consider this point further in my decision.

Although Mr C has since reported additional issues with the car, including damage and an illuminated EML when the car was returned in February 2025, these matters fall outside the scope of this current decision. Like the investigator, my decision will focus solely on the clutch fault and the steps taken to resolve that issue and Mr C is free to contact Marsh about the other issues if he wishes to do so.

As the faulty clutch was repaired and Mr C hasn't mentioned any further issues with the clutch, I am satisfied that the repair completed by the dealership was a suitable remedy under the CRA. However, I don't think Marsh has done enough to put things right overall and I'll explain why.

Refund of payments

Mr C said he was unable to use the car from the end of June 2024 until it was returned to him at the end of February 2025. During this time, he continued to make payments under the hire-purchase agreement and was not provided with a courtesy car. He said he had to buy another car to meet his personal and family obligations, including work and school travel.

While Marsh said that the car was repaired in December 2024 and available for collection, I don't consider that its communication was clear enough to reasonably expect Mr C to collect the car at that time. Marsh told Mr C in December 2024 "as soon as we have any further updates we will be in touch", but no follow-up communication was made. Although I acknowledge Mr C could've also contacted Marsh for an update, given its history of delayed communication and the fact it had clearly told him it would be in touch when it had further news, I don't think it was unreasonable for Mr C to assume the repairs weren't finished and to wait to hear back from Marsh for confirmation that the repairs were completed.

In January 2025, when Mr C was eventually told the car was ready for collection, further delays arose due to a dispute over whether Marsh should deliver the car or if Mr C was responsible for collecting it.

In terms of this delay, I don't hold Mr C responsible. I consider this was caused by Marsh as it should have taken responsibility for arranging the return of the car sooner. Since the need for repairs arose because the car was not of satisfactory quality, the onus was on Marsh to ensure its return –either by delivering it directly or by offering a suitable alternative such as covering Mr C's travel expenses. Eventually Marsh did agree to deliver the car to Mr C at the end of February 2025 which I consider was fair.

In terms of redress the investigator said that a refund of payments should be made to cover the period from the beginning of July 2024 until February 2025, when the car was returned to Mr C. When I requested further information to confirm when Mr C didn't have use of the car, I found this to be in July 2024 rather than June 2024. And so, while I still agree that Mr C should receive a refund of payments, I consider the refund should cover the period from August 2024 until February 2025. As Mr C still had use of the car in July 2024, I don't consider the payment for that month needs to be refunded. I also consider there should be interest paid on the repayments at an annual rate of 8% simple from the date of payment until the date of settlement.

Distress and Inconvenience

Mr C explained that the situation caused him financial hardship, as he had to fund another car while continuing to pay for this one. He also had to chase updates and deal with delays in the repair and return of the car. Considering the inconvenience, time taken, and stress caused by the ongoing delays and poor communication, I agree with the investigator's recommendation that Mr C should be awarded £200 for the distress and inconvenience caused to him. I consider this amount to be fair and in line with our service's approach.

My provisional decision

I intend to uphold this case against Marsh FM LLP and direct it to pay Mr C redress as outlined below:

- Refund in full the repayments made from 1 August 2024 until the car was returned at the end of February 2025.*
- Pay interest on the repayments at an annual rate of 8% simple from the date of payment until the date of settlement.*
- If any adverse information is recorded on Mr C's credit file, this should be removed.*
- Pay £200 for the distress and inconvenience caused to Mr C.*

Mr C responded to the provisional decision and said he had nothing further to add.

Marsh didn't respond to the 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.

As neither party has provided anything that would lead me to reach a different conclusion, my final decision remains the same as my provisional decision, and for the same reasons.

My final decision

My final decision is that I uphold this complaint against Marsh FM LLP and direct it to pay Mr C redress as outlined below:

- Refund in full the repayments made from 1 August 2024 until the car was returned at the end of February 2025.
- Pay interest on the repayments at an annual rate of 8% simple from the date of payment until the date of settlement.
- If any adverse information is recorded on Mr C's credit file, this should be removed.
- Pay £200 for the distress and inconvenience caused to Mr C

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 10 July 2025.

Farhana Akhtar
Ombudsman