

The complaint

Mr D complains about a car supplied under a hire purchase agreement, provided by Lendable Ltd trading as Autolend ('Lendable').

What happened

Around January 2024 Mr D acquired a used car under a hire purchase agreement with Lendable. The car is listed with a cash price of £8,398 on the agreement, was around seven and a half years old and had covered around 61,662 miles. Mr D didn't pay a deposit.

Unfortunately, Mr D says the car developed issues. Around mid-February 2024 Mr D complained to Lendable raising various issues including an engine warning light.

Lendable asked Mr D to send in evidence of the faults. When it didn't hear back, Lendable then said the complaint was initially closed due to a lack of evidence.

There is some dispute about the exact events which then took place, that I'll cover in detail in the next section. But the car was returned to the dealer around the beginning of March 2024 and it diagnosed an issue with the thermostat. A repair was booked in, but Mr D couldn't attend due to personal circumstances.

Mr D then says the car broke down with thick white smoke coming from under the bonnet at the end of March 2024. He said it was recovered to a local garage who diagnosed a fault with the head gasket. Mr D complained again to Lendable.

An independent inspection was carried out on the car towards the end of May 2024. The mileage was noted as 63,528. The report said, in summary, that the car had a fault with a misfire and 'oil emulsification' as a likely result of head gasket failure. It said Mr D had caused the damage by driving the car when overheated.

Lendable then issued a final response to the complaint in June 2024. This said, in summary, that it believed Mr D had damaged the car by continuing to drive it with a known fault.

Lendable said it was not upholding the complaint.

Mr D remained unhappy and referred the complaint to our service. He said he'd had to pay £90 for a diagnostic and over £800 in travel costs due to the issue. He said the dealer identified the issue with the thermostat, but told him the car was fine to drive in the meantime while awaiting a repair.

Our investigator explained to Lendable that information from the dealer would be crucial to the complaint. She asked it to provide any evidence of the dealer identifying a fault with the thermostat before the car broke down at the end of March 2024.

Lendable then forwarded some testimony from a sales executive at the dealer. This said, in summary, that the dealer believed the car was only driven by Mr D's partner, who I'll refer to as 'G'. It said G came to the dealer on 8 March 2024 as the thermostat needed replacing. It said this was booked for the 11 March 2024, but G didn't attend. It said G was told not to

drive the car. And it sent a screenshot of a text message it said showed the appointment was booked and cancelled.

Lendable also sent some information from the broker of the finance.

Our investigator issued a view and upheld the complaint. She said, in summary, that there was no evidence of Mr D being told not to drive the car after the dealer diagnosed the issue with the thermostat. She questioned why the dealer would've allowed the car to leave and why it didn't arrange recovery of the car for the repair if the thermostat had failed. She said she thought the car had been damaged by Mr D driving it, but said she thought the dealer hadn't told him not to use it.

Our investigator said Lendable should cover the cost of the repairs, or reject the car if this was uneconomical. She said it should refund all payments past 31 March 2024 and repay all diagnostic costs to Mr D. And she said Lendable should pay Mr D £300.

Lendable disagreed. In summary, it questioned some of the dates our investigator put in her view. It said even if Mr D wasn't told not to drive the car when the thermostat issue was diagnosed, he should've looked the fault up on the internet.

Lendable later sent a further email from another individual at the dealer, also saying G was told not to drive the car by several staff. Lendable also explained the dealer had now repaired the issue with the thermostat.

Our investigator explained this didn't change her opinion.

As Lendable remained unhappy, the complaint was passed to me to decide.

I sent Mr D and Lendable a provisional decision on 28 May 2025. My findings from this decision were as follows:

I'll start by explaining to both parties that I may not comment on every piece of evidence here or every point raised. Where I haven't done so, this doesn't mean I haven't reviewed things or consider them unimportant. I want to stress I've considered everything both sides have said and submitted. But, I'm going to focus my decision on what I consider to be the key points and the crux of Mr D's complaint. This reflects the informal nature of our service.

It's also worth setting out that there are differing versions of events here and some dispute over what happened. Where this is the case, I'm going to consider what I think is most likely.

Mr D complains about a car supplied under a hire purchase agreement. Entering into regulated consumer credit contracts such as this as a lender is a regulated activity, so I'm satisfied I can consider Mr D's complaint against Lendable.

When considering what's fair and reasonable, I take into account relevant law, guidance and regulations. The Consumer Rights Act 2015 ('CRA') is relevant to this complaint. This says, in summary, that under a contract to supply goods, the supplier – Lendable here – needed to make sure the goods were of 'satisfactory quality'.

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

So, in this case I'll consider that the car was used, was around seven and a half years old and had covered around 61,500 miles. It cost around £8,400, which is a significant reduction

on what it would've retailed at when new. This means I think a reasonable person would not have the same standards for this car as a newer, less road worn one. But, I still think they would expect it to have been free from anything other than relatively minor defects and would've expected trouble free motoring for at least a short time.

Mr D raised a few earlier, relatively minor, issues about the car. But I'm satisfied the main issue and the key points to consider are in relation to the thermostat and the later failure of the head gasket.

Some of what happened is clearly in dispute in this case. And the timeline of when things happened has differed at times. I'm going to cover off the less contentious points first.

All parties seem to agree that the car developed an issue with the thermostat. Mr D has explained the dealer diagnosed this towards the beginning of March 2024. Lendable has also acknowledged this. And I've seen testimony from the dealer:

"the thermostat needed replacing"

So, I'm satisfied the car developed a fault with the thermostat only a few weeks after Mr D got it.

I don't have the mileage at the point where the thermostat fault was diagnosed. But, considering the short amount of time Mr D had the car and the mileage noted at other later points, I'm satisfied either this fault was likely present or developing at the point of supply, or the car wasn't durable. Either way, I find the car was not of satisfactory quality when supplied to Mr D due to this issue.

Following this, it also doesn't seem in dispute that at the end of March 2024, around three weeks after the dealer diagnosed the fault with the thermostat, the car broke down due to an issue with the head gasket.

The independent report from May 2024 states:

"In our opinion based on the visible evidence, we can confirm that we did observe faults with the vehicle in the form of a heavy misfire and engine fault code P0300 neg misfire detected and excessive oil emulsification in the engines lubrication system.

We consider faults of this nature would be consistent with head gasket failure."

"The vehicle requires a replacement head gasket"

I've also seen a copy of an "Engineer Report". The mileage is recorded as 63,528. This isn't dated, doesn't contain the details of an author nor business and appears to be a word processing document. So, I'm not putting as much weight on this evidence. But, this states:

"it has blown the head gasket".

So, I'm satisfied at the end of March 2025 the car suffered from a failed head gasket.

The next thing to consider is the reason for the head gasket failure. This is set out quite clearly in the independent report:

"Head gasket failure would be due to the relaxation of the cylinder head bolts due to overheating and in our opinion would be evident by a warning light or warning message displayed on the dashboard during operation."

“we would consider that drive on damage has occurred by driving the vehicle in an overheated condition”

“The reported faults have developed after purchase and would be the result of drive on damage.”

Notes on an estimate from the supplying dealer state:

“Vehicle has been inspected and we have found that the thermostat housing has been compromised and in consequence of owner continuing to drive the vehicle with the fault it has damaged the head gasket.”

I have also considered what the “Engineers report” says about this:

“To why it has blown the head gasket there is no obvious signs to show for the failure at this Time”

But, as I explained above due to the missing information on this document and the formatting, I’m not as persuaded by this as the other evidence.

Considering everything, I’m satisfied the reason for the head gasket failure is likely the car overheating.

Thinking about all of the above, I’m satisfied a likely order of events is becoming clear. The car developed a fault with the thermostat towards the beginning of March 2024. The car then overheated at the end of March 2024 which damaged the head gasket.

In very basic terms, the thermostat regulates the temperature of the engine. It follows that I’m satisfied the car likely suffered a head gasket failure due to being driven with a faulty thermostat.

This brings me to what I’m satisfied is the crux of the complaint. The key question I need to answer is whether Mr D is responsible for the later failure of the head gasket. In other words, I need to decide if he acted reasonably by driving the car with a known fault to the thermostat.

It is at this point where the parties involved have given quite different versions of events. I’ve listened to the calls with our service Mr D had. He told our investigator that after diagnosing the fault with the thermostat the dealer told him the:

“thermostat has gone but it’s still okay to drive”

Mr D said he was told by the dealer the car was:

“still drivable and nothing to worry about”

Lendable’s stance on the other hand, is that Mr D was told by the dealer to stop driving the car when the fault was diagnosed.

Our investigator said in their view that there is no evidence Mr D was told to stop driving the car. But I disagree on this point. Lendable has provided testimony directly from staff members at the dealer which I’m satisfied is key evidence to consider.

I’ve thought about the testimony from the ‘sales executive’ at the supplying dealer that was provided to Lendable. This said:

"This customer (Mr D) has never been into our garage with regards to this purchase."

"The car has always been driven by ('G') and by her admission it was purchased for her."

The first time she came into us was on the 8/03

*She came because the thermostat needed replacing. she was booked in for the 11 march of which I have a text confirm this with her. **we said do not drive the car as it needs replacing.***

She text me on the 11 saying ""i am not going to be able to bring the car in""

We re booked her back in again but she missed that appointment Aswell (sic).

She stated she had been driving the car and had no choice. (emphasis added by myself)

*"To confirm again, ('G') who has been the sole point of contact from start has been **made aware don't drive it** but she said she forgot and had no choice." (emphasis added by myself)*

The dealer also provided a screenshot of a text message it says it sent to G, dated 9 March 2024. This has the dealer's details and said "Monday 10:30 to drop off". The reply on 11 March 2024 says "Im not gonna be able to take the car in today (sic)".

In response to the investigator's view, Lendable sent another email from a manager at the dealer. This said G:

*"spoke with myself, the mechanic and vehicle processor. **We advised her not to drive the car**" (emphasis added by myself)*

I've seen communication between the broker of the finance, who said it had been in touch directly with the dealer, and Lendable:

*"The dealer is stating that the customer originally came to him a while ago and it was diagnosed as needing a new thermostat housing, **the dealer has said at this point, he advised the customer to stop driving the car.**" (emphasis added by myself)*

I've also seen what appears to be an email directly from the dealer to the broker:

*"when we diagnosed the car it was only requiring a thermostat housing. Which we booked in and **advised the customer not to continue driving.** The customer cancelled the appointment which we sent you evidence in text and said she needed to keep driving as (personal reason). We believe continued driving has caused further faults." (emphasis added by myself.*

So, in summary, Mr D says he was never told to stop driving the car. The dealer consistently says it told G to stop driving it. Clearly these are contradictory versions of events, so I need to consider what most likely happened.

I've thought carefully about what Mr D said. I have considered however that, according to the dealer, he wasn't present when the thermostat issue was diagnosed. So, the information being passed on here doesn't seem to be first hand.

Two different staff members from the dealer have confirmed G was told to not drive the car. And it appears it told the broker and Lendable the same thing.

I also need to consider the likelihood, in general terms, that a professional would diagnose a fault with a thermostat and then explain this meant there was no issue with continuing to drive the car. And it's important to point out that this is Mr D's version of events – it's worth noting that he didn't say the dealer was silent on the subject, or only say it didn't tell him it was a risk. Mr D says the dealer specifically told him it wasn't an issue to drive the car with a faulty thermostat.

Finally, I've noted the personal reasons that G couldn't attend the repair when it was booked in. I can understand under these circumstances why having a car would be so important to Mr D at this time and why he might have driven the car, even if he was told not to.

Thinking about all of this, on balance, I think it's more likely that the dealer told G not to drive the car when the thermostat fault was diagnosed, rather than it telling Mr D that it wasn't an issue to continue to drive it.

I've gone on to consider what this means in terms of the car's quality and Mr D's rights under the CRA. I've already explained that I'm satisfied a reasonable person would not consider the car to be of satisfactory quality due to the thermostat. And I accept this issue likely caused the later failure of the head gasket. But, thinking about what's fair and reasonable under the specific circumstances of this case, I find Mr D likely didn't mitigate further losses by continuing to drive the car and it wouldn't be reasonable for Lendable to be held responsible for the later damage.

So, I find Lendable are responsible for the thermostat but not the head gasket. Lendable has explained the supplying dealer has already repaired the thermostat. Under the CRA, one of the remedies available to Mr D was a repair. So, in broad terms I find his rights have been met and Lendable needs to take no further action.

I again want to reassure both parties that I've carefully considered all of the other points raised and reviewed every piece of evidence provided. But, this doesn't change my opinion.

I gave both parties two weeks to come back with any further evidence or information.

Mr D responded and made a few points to consider. Lendable didn't reply.

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 thought carefully about what Mr D said in response to my provisional decision. He explained the situation had cost him a lot of money. He said he couldn't afford to get the car repaired when it went wrong. He said it was unfair that no one would take responsibility. And he said the car was kept and insured by himself, but G did use it and did take it to the garage for the diagnostic.

I've considered all of this carefully. But, none of what Mr D said changes my opinion about the case.

Having gone through all of the information again, I still think this complaint should not be upheld for the reasons I explained in my provisional decision and set out above.

My final decision

My final decision is that I do not uphold this complaint.

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

John Bower
Ombudsman