

The complaint

Mrs C complains about the quality of a used car that was supplied through a hire purchase agreement with MotoNovo Finance Limited (MotoNovo).

What happened

The circumstances surrounding this complaint and my initial findings were set out in my provisional decision which said:

In September 2023, Mrs C acquired a used car through a hire purchase agreement with MotoNovo. The car was about three years old and had travelled 17,621 miles when it was supplied. The cash price of the car was £14,441. Mrs C made a deposit of £7,129 which included a part exchanged vehicle. So, the total amount financed on the agreement was £7,312 payable over 35 monthly repayments of £75.18 followed by a final repayment of £6,886.

In March 2024 Mrs C reported issues with the car. They included, juddering, loss of power and difficulty driving. Mrs C says the dealership advised she bring her car in for diagnostics which Mrs C says cost her £144. This was done on 4 April 2024.

Mrs C said she was told the health check showed no issues, but the dealership suggested a spark plug be replaced. Mrs C says she had to pay £273.56 for this.

Mrs C said the car ran fine to begin with but had a rough idle and appeared to nearly cut out when the engine was turning over, so she complained to MotoNovo who arranged for an independent inspection to be carried out.

The independent inspection was carried out in June 2024. The report, which I'll refer to as report A, concluded that "the vehicle was in a satisfactory condition for its age and mileage and would have been at the point of sale".

On 14 June 2024 MotoNovo issued their final response to Mrs C's complaint. In summary, MotoNovo said the independent inspection report advised the car was of satisfactory condition at the point of sale, so, they didn't uphold the complaint. They also said they wouldn't reimburse the cost of repairs to the spark plugs as they were a serviceable item.

In June 2024 Mrs C reported the issue had returned, and so arranged for a second independent inspection by a different vehicle inspection engineer. This was carried out in July 2024.

The second inspection report, which I'll refer to as report B, concluded that there were defects, related to the air conditioning ECU, and a missing undertray, compromising the protection of the engine and gearbox, and that both issues would have been present and developing at the point of sale. Report B also concluded that the car was supplied with faulty spark plugs.

MotoNovo told Mrs C they couldn't accept the findings of report B because it wasn't produced by a member of a particular institute. So, their decision remained the same.

Unhappy with their decision, Mrs C brought her complaint to our service where it was passed to one of our investigators to look into. Mrs C told the investigator that to resolve matters she wanted to reject the car, receive a refund of her deposit and the cost of replacing the spark plugs, second inspection and compensation for the distress and inconvenience caused.

The investigator recommended that Mrs C's complaint should be upheld. The investigator concluded that there was enough information to persuade him that the issues with the car were intermittent which meant the car wasn't of satisfactory quality when it was supplied. The investigator recommended that Mrs C should be allowed to reject the car and receive a refund of her deposit and rentals from when she stopped using the car, along with expenses and £150 in compensation. However, the investigator considered Mrs C should be reimbursed £250 for arranging inspection report B, despite it costing her £1,500. The investigator considered as MotoNovo were willing to reimburse her up to £250 for an independent inspection, that this was fair in the circumstances.

Mrs C was disappointed that the investigator didn't recommend she is reimbursed the full amount of the inspection report, however she accepted the investigator's assessment. MotoNovo didn't respond, so it's taken that they didn't accept it, so the complaint has been referred to me to make a final decision.

I sent Mrs C and MotoNovo my provisional decision in May 2025. I explained why I thought the complaint should be upheld. The key parts of my provisional findings are copied below:

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 and based on what I've seen so far, I intend to uphold this complaint and largely for the same reasons as the investigator, and I'll explain why below.

In considering what is fair and reasonable, I've thought about all the evidence and information provided afresh and the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider to have been good industry practice at the relevant time.

Mrs C complains about a hire purchase agreement. Entering into consumer credit contracts like this is a regulated activity, so I'm satisfied we can consider Mrs C's complaint about MotoNovo. MotoNovo is also the supplier of the goods under this agreement, and is responsible for a complaint about their quality.

The Consumer Rights Act 2015 (CRA) is relevant in this case. It says that under a contract to supply goods, there is an implied term that "the quality of the goods is satisfactory, fit for purpose and as described". To be considered as satisfactory, the CRA says the goods need to meet the standard that a reasonable person would consider satisfactory, considering any description of the goods, the price and all the other relevant circumstances. The CRA also explains the durability of goods is part of satisfactory quality.

So, it seems likely that in a case involving a car, the other relevant circumstances a court would consider might include things like the age and mileage at the time of sale and the vehicle's history.

My starting point is that MotoNovo supplied Mrs C with a used vehicle that had travelled 17,621 miles. With this in mind, I think it's fair to say that a reasonable person would expect the level of quality to be less than that of a brand-new car with lower mileage. Having said that, the car was priced at £14,441 which isn't insignificant. It also wasn't a particularly old vehicle. So, I think a reasonable person would expect it could offer a reasonable duration without any major issues.

From the information provided I'm satisfied there are faults with the car. This is apparent from inspection report B which highlighted faults including (but not limited to) a random illumination of an engine management lights and fault message, an audible warning sound, damage under the vehicle and faulty spark plugs. Mrs C also provided videos of the faults which were consistent with the findings of inspection report B. Having considered the car had a fault, I've considered whether it was of satisfactory quality at the time of supply.

Satisfactory quality

Mrs C reported the issues in March 2024, some six or seven months after acquiring the car. And despite some work being carried out on the car, Mrs C reported the issues were still there.

I acknowledge the independent inspection report arranged by MotoNovo, report A, which was carried out by a professional vehicle inspection agency, concluded the car was in a satisfactory condition for its age and mileage, however I'm also aware Mrs C and report B have advised the issue were random or intermittent in nature. Report A advised that no warning lights were observed on the drivers panel, and I don't doubt this was the case at the time of inspection.

Report B, which was also carried out by a professional vehicle inspection agency, noted there were 11 fault codes identified. It also noted that issue with the cooling fan, (raised as an issue by Mrs C) was related to the ECU not being configured to the vehicle, it noted that the fault was present since the point of purchase. Report B also noted another fault related to a missing undertray would have been present at the point of sale. The report noted the vehicle wasn't fit for purpose at the point of supply.

I acknowledge the conclusions of report A and B contradict each other; however, I'm persuaded that the findings of report B is more likely, as it identified the random nature of some of the faults, and this is consistent with what Mrs C had reported. I think it's also worth noting my observation that report B appeared to be significantly more in depth in its investigation into the condition of the car. For example, report A considered the issues raised in Mrs complaint, however report B commented on and investigated several areas of the car which included (but not limited to) the paint and body exterior, interior, underside and chassis, cooling system, engine, electrical system and management systems. So, it seems reasonable to expect that report B would uncover more information and data relating to the car's current condition than report A.

All things considered I'm satisfied from the evidence provided that the car wasn't of satisfactory quality when it was supplied to Mrs C.

In addition, I can see that in an email trail provided to us that MotoNovo decided against considering the information provided in report B as they considered the agency wasn't a member of a specific institute and insisted that Mrs C should use one of a specific list of

inspectors that was given to her by them. Within that same email trail, MotoNovo confirmed they didn't doubt the legitimacy or expertise of the inspection agency used by Mrs C.

Having considered the circumstances around this, I don't think it was unreasonable that Mrs C used the services of the inspection engineers that she did. She explained she wanted something impartial. She selected an organisation that was able to provide an expert inspection, and what I'm satisfied looks to be a comprehensive report on the condition of the car. I don't consider it would have been unreasonable for MotoNovo in the circumstances to consider the information report B offered. For example, if they were uncomfortable with the membership criteria, they could have decided to re-consider any issues or comments that were contradictory or in addition to what was identified in report A. I think this would have been a fair approach.

Mrs C provided us with an invoice showing she paid £1,500 for the services of the second vehicle inspection. Although this appears to be significantly more expensive than the £250 recommended amount from MotoNovo, I'm satisfied that this further demonstrates Mrs C's desire to understand the current condition of the car.

Putting things right

As I've concluded that the car wasn't of satisfactory quality when it was supplied to Mrs C, MotoNovo will need to put things right for her.

Mrs C has asked to reject the car, and considering the dealership has already had an attempt to repair the issues and not withstanding the delays that Mrs C has had to endure to reach this conclusion, I'm satisfied that a rejection is the fairest outcome in the circumstances.

MotoNovo, should end the agreement and collect the car. Mrs C should receive a refund of her part exchanged deposit contribution of £7,129 (as recorded on the finance agreement). Mrs C should also receive a refund for all rentals from when she stopped using the car in August 2024 to the date of settlement. Mrs C told us she stopped using the car in August 2024. I find what she says to be plausible and consistent with her most recent emails about arranging to have the car SORN. I've been given no reason to doubt what she has said.

Mrs C should also receive a reimbursement of the costs for the repaired spark plugs, at £273.56, and a reimbursement of the £1,500 she paid for the second inspection. I recognise the investigator considered £250 was reasonable, however, I've considered that had MotoNovo arrived at the correct outcome, its likely Mrs C wouldn't have felt compelled to borrow a significant amount of money to pay for a comprehensive inspection to be carried out on the car. Mrs C explained this situation to the investigator in an email dated November 2024.

Mrs C has also described the impact this has had on her and her family and I'm persuaded this would have caused her a degree of distress, particularly as she hasn't used the car since August 2024. I think in the circumstances £250 in compensation is fair and reasonable.

I invited both parties to make any further comments. Mrs C responded to seek clarification around the refund of her deposit but was happy to move forward with further clarification.

MotoNovo didn't respond to my Provisional decision.

Now both sides have had an opportunity to comment, I can go ahead with my final 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 her response to my provisional decision, Mrs C asked for some clarity around the direction I made for MotoNovo to refund her original deposit. I said that MotoNovo was entitled to retain any dealership contribution. This means MotoNovo would be able to deduct from the deposit refund any contribution that the dealership made towards it.

Mrs C told us her deposit was made up of the full value of a vehicle that she owned outright, and which had no outstanding finance attached to it. The vehicle invoice provided to us by MotoNovo doesn't show that any contributions were made towards the deposit, and so it appears to confirm what Mrs C has told us. So, in the circumstances it doesn't appear that MotoNovo had made any contributions towards Mrs C's deposit. I hope this clarifies things for her.

I still consider my provisional decision to be fair and reasonable in the circumstances. Neither party has added anything which gives me cause to change these. Therefore, for the reasons as set out above and in my provisional decision, I'm satisfied that the car wasn't of satisfactory quality when it was supplied to Mrs C. So, my final decision is the same.

My final decision

My final decision is that I uphold Mrs C's complaint about MotoNovo Finance Limited and instruct them to:

- collect the car with no addition monthly repayments for Mrs C to pay
- end the hire purchase agreement and remove it from Mrs C's credit file
- refund the part exchanged deposit Mrs C paid (if any part of this deposit is made up of funds paid through a dealer contribution, MotoNovo is entitled to retain that proportion of the deposit)
- refund to Mrs C all the repayments she's made on her agreement from August 2024 to the date of settlement as Mrs C stopped using the car from this point
- reimburse to Mrs C the £273.56 that she paid for the repair to the spark plugs in April 2024
- reimburse to Mrs C £1,500 for the cost of the second independent inspection report as noted on the invoice dated 15 July 2024
- pay Mrs C £250 in compensation for the distress and inconvenience caused to her
- remove any adverse information that may have been recorded with the credit reference agencies in respect of the damage

MotoNovo Finance Limited should pay 8% yearly simple interest on all refunds calculated from the date of payment to the date of settlement.

If MotoNovo Finance Limited considers that it's required by HM Revenue & Customs to withhold income tax from the interest part of my award, it should tell Mrs C how much it's

taken off. It should also give Mrs C a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 15 July 2025.

Benjamin John
Ombudsman