

The complaint

Miss T complains that a used car she acquired through a hire purchase agreement financed by Startline Motor Finance Limited ('SMFL') is of unsatisfactory quality.

What happened

In March 2024 Miss T took out a hire purchase agreement to cover the cost of a used car. It was around eight-and-a-half years old and had around 74,880 miles on the odometer. The car cost £5,200 and Miss T entered into a hire purchase agreement to finance the full amount. After interest and charges the total amount due was £7,483.60, repayable in 47 monthly instalments of £155.70 followed by a final payment of £165.70.

Miss T said the tyre pressure monitoring system fault warning lit up on the day she collected the car. She contacted the supplying dealer, who initially agreed to help. When this didn't happen Miss T contacted the broker who arranged the finance in May 2024. I'll refer to the broker as 'Z' throughout this decision.

In late June 2024, Miss T contacted SMFL to complain about the problems she'd been experiencing. She said there appeared to be several faults with the vehicle, including the tyre pressure sensor, oil pressure and a possible fault with the timing belt. An attempt to return the car to the supplying dealer failed because they'd stopped trading.

SMFL instructed an expert to carry out a full inspection of the car. Following the expert's report Z agreed to take the car back. SMFL then issued their complaint response in September 2024. They said that they'd unwound the finance agreement and refunded three of the five monthly payments Miss T had made. They explained that the remaining two rentals had been retained to account for fair usage of the car while it was in Miss T's possession. SMFL confirmed that Miss T had no further liability under the agreement. Finally, they said they'd pay her £200 as a gesture of goodwill.

Miss T referred her complaint to our service, where one of our investigators looked into what had happened. Our investigator concluded that the car wasn't of satisfactory quality when it was supplied to Miss T. She set out the steps SMFL should take to put things right. No agreement could be reached, so the complaint was referred for a final decision – and it has come to me.

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.

Having done so, I'm upholding this complaint. I'll explain why. In doing so I'm going to focus on what I think is the key issue and the crux of Miss T's complaint. This reflects the informal nature of our service.

The Consumer Rights Act 2015 (CRA) is relevant here. It says, amongst other things, that the supplier, (in this case SMFL), needs to make sure that goods are of satisfactory quality

at the point of supply. When considering what amounts to satisfactory quality, the standard applied is that of a 'reasonable person'. In other words, what a reasonable person would consider satisfactory taking into account any description of the goods, the price and all the other relevant factors. In cases involving a car, I think it's likely that the relevant factors a court would take into account might include things like the cost, age, and mileage at the time of supply.

Here, Miss T acquired a used car that cost £5,200. It was around eight-and-a-half years old and had around 74,880 miles on the odometer. I think a reasonable person would expect a car of that age and mileage to have more wear and tear than a new car. And that it may need repair or maintenance sooner than a newer car would. However, even where the car is used it would not be reasonable in my view for the car to be supplied with significant known faults or defects that wouldn't reasonably be considered to be expected wear and tear items on a car of that age and mileage.

It no longer seems to be disputed that the car wasn't of satisfactory quality at the time it was supplied. SMFL said Z took the car back, and the agreement has been unwound. I don't think I need to go into significant detail here. But having read the expert report dated 8 August 2024, along with the other evidence, I agree the car wasn't of satisfactory quality. According to the expert's report the car's odometer reading as at the date of inspection was 124,839.3 kilometres (approximately 77,571 miles). The expert said the car had various fault codes and further testing found a miscommunication between the body control module and the engine management system. They noted that the engine was running rough, with the engine oil level being severely low. The expert recommended an engine replacement.

Miss T only had the car for a couple of months before she first contacted Z about the problems with it. I've kept in mind the age, mileage and price of the car. But I don't think a reasonable person would expect a car such as the one supplied to Miss T to require a major repair so soon after it was supplied. For that reason, I think the car wasn't of satisfactory quality when it was supplied.

So, I'll focus on what SMFL need to do to put things right for Miss T, which is what remains in dispute. Here, the car has been returned to Z and SMFL unwound the finance agreement in September 2024. While there clearly were problems with the car, I can see Miss T got regular use out of it. From the date of supply to the date of the inspection she covered around 2,691 miles. Miss T made five contractual repayments, and SMFL retained two to account for fair usage. I don't think that was unreasonable.

Miss T said it was unsafe to use the car, but she needed transport to get to and from work. She told us she tried to mitigate her position by asking for a courtesy car, and when this was declined by requesting the car back so she could arrange for repairs. SMFL's contact notes support what Miss T has said. Miss T provided a rental car invoice for a car that was a broadly similar model to the one she'd acquired from SMFL. Overall, I don't find Miss T acted unreasonably in hiring a car.

Miss T asked for the full cost back, but I'm mindful here that SMFL have refunded her three monthly rentals totalling £467.10 to compensate her for the loss of use already. This is money Miss T would otherwise have spent staying mobile, so I think it's fair to offset the refund against Miss T's car hire costs of £515.25. So, SMFL should refund Miss T the difference of £48.15 together with interest.

Miss T had arranged car insurance and breakdown cover, which she had limited benefit of due to the car being returned. She was able to cancel both, but incurred costs in doing so. The breakdown cover provider charged £46.78 and her insurer charged £82.80. So, overall SMFL should reimburse Miss T £129.58 together with interest.

Miss T told us that the cancellation of the car insurance left her in financial difficulties. She said the debt had risen to almost £400, and blamed being supplied with a faulty car for the situation. Miss T explained she couldn't get in touch with the insurer to pay the cancellation fee. And so, the debt was passed to a debt collector. From what I've seen, I'm satisfied that the amount Miss T now owes is a result of additional fees and charges in relation to the collection of an outstanding debt, rather than a result of anything SMFL did or didn't do. For that reason, I won't ask SMFL to do anything differently here.

Being supplied with a car that wasn't of satisfactory quality will have caused Miss T some distress and inconvenience. She told us that she had recently taken up a new job. This involved training and evening shifts which she needed reliable transport for. It's clear from what Miss T told us that the whole process has been frustrating for her. And Miss T said the situation had a detrimental impact on her mental health. All things considered, I think £200 is a fair amount to compensate Miss T for the upset caused. I note that SMFL has already paid Miss T £200 following their final complaint response. So, I don't make a further award here.

In summary, to put things right for Miss T, I direct Startline Motor Finance Limited to:

- refund Miss T £177.73 as set out above*, and
- remove any adverse information from Miss T's credit file in relation to the agreement.

*SMFL should pay 8% simple yearly interest on this amount from the date of payment until the date of settlement. If SMFL considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Miss T how much it's taken off. It should also give Miss T a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

I uphold Miss T's complaint and direct Startline Motor Finance Limited to take the steps outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 4 August 2025.

Anja Gill
Ombudsman