

The complaint

Mr L is unhappy that a car supplied to him under a hire purchase agreement with Lloyds Bank Plc was of an unsatisfactory quality.

What happened

In May 2024, Mr L was supplied with a used car through a hire purchase agreement with Lloyds. He paid a £20,288 deposit and the agreement was for £25,000 over 48 months, with monthly payments of £583.14. At the time of supply, the car was around five months old and had done around 12,837 miles.

In June 2024 Mr L complained to the supplying dealership about the rear light and about a noise from the driver's seat. The dealership agreed to look into this and the light fitting was replaced. However, on 6 July 2024, after the car had been returned to him, Mr L complained to the dealership that the seat noise was still present. The dealership then told him to take the car to a local dealership, who would investigate the noise under warranty.

Mr L then complained to Lloyds about the light fitting, the noise from the driver's seat, and that the car was an ex-demonstration model. Lloyds arranged for the car to be inspected by an independent engineer. This inspection took place on 21 October 2024, when the car had done 18,037 miles – around 5,200 miles since it was supplied to Mr L. This was a visual inspection only and the car wasn't test driven.

The engineer adjusted the seats and determined they were working correctly, with no faults being found. Lloyds said that there was no issue with the seat, and that the car wasn't an ex-demo. However, they accepted there had been an issue with the light fitting, and they offered Mr L £100 compensation for the distress and inconvenience he'd incurred.

Mr L had the car inspected by an independent garage on 23 October 2024, at the cost of £100. Following a test drive, this inspection concluded there was a squeaking noise from the driver's seat when the car was driven, and that there was a further issue with the head unit display turning off while driving.

Unhappy with what was happening, Mr L brought his complaint to the Financial Ombudsman Service for investigation.

Our investigator said there was a fault with the driver's seat and that Lloyds needed to arrange for this to be repaired. However, the investigator hadn't seen anything to show the car was an ex-demo and that the issue with the head unit display couldn't be considered as this hadn't been raised as an issue with Lloyds, so our rules don't allow us to investigate this.

Lloyds said that Mr L would need to evidence what repair was needed before they consider undertaking a repair, and a noisy seat in itself doesn't show that a repair is needed. They said that the independent engineer hadn't found any faults present, and that the noises and rattles were likely as a result of the car being *"road worn [as] parts and components can become worn, loose, and tired [with age]."*

While he accepted the seat repair, Mr L said that he still wanted to reject the car because it had too many other things wrong with it. Mr L also said that the car's previous owner was a company, not the private owner he was told. And he was concerned about how many people may have driven the car before it was supplied to him. However, the dealership confirmed that the previous owner was their employee benefit scheme, and the previous driver was one of their employees.

Lloyds considered Mr L's new complaints – that the head unit display would turn on and off, and that the headlights had steam inside the casing units. They upheld the complaint about the head unit display but said there was no evidence of any fault with the headlights that was present or developing when the car was supplied to Mr L. They agreed to cover the cost of the head unit display repair and to pay Mr L £204 compensation (which included the cost of the inspection he'd had done in October 2024).

Mr L provided an inspection of the car dated 19 December 2024 (at 20,721 miles) which confirmed a squeak from the driver's seat, as well as multiple fault codes. And a job card dated 24 February 2025 confirming the noise from the driver's seat and a dashboard warning about the braking system. He also maintained that the car had been mis-sold to him because the car wasn't a "*genuine used vehicle*" as it had been used by an employee under a company benefit scheme.

Lloyds maintained their stance that they were happy to repair the head unit display, but a noise from the seat, while an annoyance, is not a fault. And without evidence of a fault, this can't be repaired.

The investigator updated their opinion based on what had happened and been said. They said that the car had faults with the seat and head unit display. The investigator also explained that the car had been subject to a safety recall for the braking system, and any issues arising from this would be repaired by the manufacturer at no cost to Mr L. As Lloyds had already agreed to repair the fault to the head unit display, and had agreed to repair the seat if Mr L could provide some evidence of an actual fault i.e. there was something that needed to be repaired, the investigator thought they had acted reasonably. So, they didn't think Lloyds needed to do anything more.

Mr L still didn't agree with the investigator. He said that a repair to the seat had already been attempted by the dealership, and this repair had failed, so he should now be allowed to reject the car. He also said that the parts needed to repair the seat were on back order, and this was delaying any repair. Mr L also commented on the safety recall and that he believed the car had been misrepresented to him as it was not a genuine used vehicle.

Because Mr L didn't agree, this matter has been passed to me to decide.

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've reached the same overall conclusions as the investigator, and for broadly the same reasons. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome. Where evidence has been incomplete or contradictory, I've reached my view on the balance of probabilities – what I think is most likely to have happened given the available evidence and wider circumstances.

In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and (if appropriate) what I

consider was good industry practice at the time. Mr L was supplied with a car under a hire purchase agreement. This is a regulated consumer credit agreement which means we're able to investigate complaints about it.

The Consumer Rights Act 2015 ('CRA') says, amongst other things, that the car should've been of a satisfactory quality when supplied. And if it wasn't, as the supplier of goods, Lloyds are responsible. What's satisfactory is determined by things such as what a reasonable person would consider satisfactory given the price, description, and other relevant circumstances. In a case like this, this would include things like the age and mileage at the time of sale, and the vehicle's history and its durability. Durability means that the components of the car must last a reasonable amount of time.

The CRA also implies that goods must conform to contract within the first six months. So, where a fault is identified within the first six months, it's assumed the fault was present when the car was supplied, unless Lloyds can show otherwise. So, if I thought the car was faulty when Mr L took possession of it, or that the car wasn't sufficiently durable, and this made the car not of a satisfactory quality, it'd be fair and reasonable to ask Lloyds to put this right.

Before I explain why I've reached my decision, it would be useful for me to set out exactly what I've been able to consider. In line with the rules our service works within, we are only able to consider complaints that have been raised with a financial business, and where they have been given an opportunity to respond within their complaint process.

At the point which has led to this decision, Mr L has raised two complaints with Lloyds, which received responses. So, in line with our services approach, this decision will only consider the events, and complaint points raised and addressed, up to Lloyds' complaint response on 17 December 2024.

Any events that occurred, or complaints that have arisen, after 17 December 2024 haven't been considered or impacted the decision I've reached. This means that Mr L's complaint about the safety recall and the issues with the braking system haven't been considered as part of my decision. These would first need to be raised with Lloyds separately and if necessary, referred to our service for consideration under a new complaint reference.

So, while it may seem that my decision is outdated compared to more recent events, I want to reassure both parties I have considered the events that fall within this decision's jurisdiction, in line with our approach.

I've then turned to what I can consider. And in this instance, it's not disputed there were issues with the car supplied to Mr L, nor that these were present when the car was supplied. As such, I'm satisfied that I don't need to consider the merits of this issue within my decision. Instead, I'll focus on what is still in dispute, and what, if anything, I think Lloyds should do to put things right.

The issues with the car that were present or developing at the point of supply were the rear lights, the head unit display, and the noise from the seat. However, just because there's an issue with the car, this doesn't necessarily mean it was of an unsatisfactory quality when it was supplied. I'm satisfied that the issues with the lights and head unit display could make the car of an unsatisfactory quality, however I don't think this is the same with the seat. And I'll explain why.

The seat makes a noise when the car is being driven, which I appreciate is extremely annoying. However, I've not seen anything that shows me this is as the result of an actual fault with the seat – while Mr L has recently said the parts to fix the seat are on back order,

he hasn't provided any diagnosis, inspection report, or job cards that show what the actual fault with the seat is.

Mr L has referred to the CRA, and his right to reject the car as the supplying dealership failed to fix the fault with the seat. Section 24(5) of the CRA says "*a consumer who has ... the right to reject may only exercise [this] and may only do so in one of these situations – (a) after one repair or replacement, the goods do not conform to contract.*" This is known as the single chance of repair. However, this only applies to issues that make the car of an unsatisfactory quality. And, as I've explained, I'm not satisfied there was a fault with the seat that meant the car was of an unsatisfactory quality when it was supplied. So, the dealership trying to identify and repair the noise from the seat shortly after supply doesn't count as the single chance at repair. As such, Mr L doesn't have the right to reject the car.

Lloyds have offered to repair the fault with the head unit display and, so long as Mr L can provide them with evidence of a fault that indicates what needs fixing, the issue with the seat. They've also offered him compensation for the distress and inconvenience caused, and offered to refund the cost of the diagnostic in October 2024. I'm satisfied this is reasonable in the circumstances, and I wouldn't expect them to do anything more. As far as I understand things, this offer is still available for Mr L, if he wants to accept it.

Turning now to Mr L's argument that the car was misrepresented to him as it wasn't a genuine used car. He says this because, although he initially thought the car had been used as an ex-demo model, it's now been established that the original owner was an employee benefit scheme, and the car had been provided to a single employee for their own personal use.

I've looked at the information provided by the manufacturer, and they refer to used cars or approved used cars. Both of these definitions relate to things like warranty, service history, roadside assistance etc. However, neither make any reference to who the previous owner of the car was, or indeed how many previous owners the car has had.

I've also seen the video the dealership provided Mr L about the car, as part of the sales process. Within this video the dealership state "*this is available as a genuinely used car, not an ex-demonstrator or anything like that.*" Based on the evidence I've seen, I'm satisfied this statement was correct – the car is a used car i.e., it has had a previous owner, and it wasn't an ex-demo model.

For misrepresentation to be present there must (a) have been a false statement of fact, and (b) that false statement of fact must have induced, in this instance, Mr L to have financed this particular car with Lloyds. As I've said, there has been no false statement of fact. And, without this, there can be no misrepresentation.

Given the above, and while I appreciate this will come as a disappointment to Mr L, I'm satisfied that Lloyds have acted fairly and reasonably, and I won't be asking them to do anything more.

My final decision

For the reasons explained, I don't uphold Mr L's complaint about Lloyds Bank Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 6 August 2025.

Andrew Burford

Ombudsman