

The complaint

Mr Y complains that a car acquired under a hire purchase agreement with Blue Motor Finance Ltd wasn't of satisfactory quality when it was supplied to him.

What happened

The parties are familiar with the background of this complaint so I will only summarise what happened briefly here.

In March 2024, Mr Y entered into an agreement to acquire a used car. He used a credit broker to source the finance, and the car was provided to him by a dealership (G). He paid a £4,000 deposit, with the balance being provided under a hire purchase agreement with Blue Motor. The car was six years old and had covered approximately 40,000 miles when the agreement started. The agreement was for 60 months, with monthly repayments of £173.75. The cash price of the car was £11,190.

In July 2024, the car's engine management light (EML) came on. Mr Y got in touch with G straight away and took the car back to them the following day. G explained that the oil pump had failed and had likely caused more significant damage to the engine, meaning the engine needed replacing. The car had covered approximately 44,000 miles at this point. G said to Mr Y that it was likely an inherent fault caused by poor manufacturing. Mr Y paid G £2,976 to undertake the repairs.

A couple of months later Mr Y had a warning from the car that the key fobs weren't working, and he was unable to unlock the car with them. Mr Y got in touch with the credit broker, and they arranged an independent inspection of the car. The report concluded that the battery had an issue but wouldn't have been present at the point of sale. There was no mention of the previous engine repairs that had taken place, and the credit broker explained to Mr Y that there was nothing they could do.

Mr Y brought his complaint to our service. At this point Blue Motor explained that no complaint had ever been raised with them, and they needed an opportunity to look into it. They subsequently issued their final response to Mr Y, explaining that the independent report suggested the faults with the key fobs and battery hadn't been present at point of sale so Blue Motor had no responsibility.

Our investigator looked into things and upheld the complaint. He accepted that the more recent issues with the key fobs and battery charge weren't the responsibility of Blue Motor. But he explained that he thought the initial engine fault was, and there was evidence to show the car wasn't sufficiently durable. He asked Blue Motor to reimburse Mr Y for the repairs he'd paid for, along with a small refund for the time he had been without the car in July 2024. He also asked Blue Motor to pay Mr Y £250 compensation.

Mr Y accepted but Blue Motor didn't. They accepted the car had faults, but they felt Mr Y had continued to use the car with the faults and had made the problem worse, meaning the repair costs were higher than they needed to have been.

As Blue Motor didn't agree, the complaint 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.

When considering what is fair and reasonable, I'm required to take into account: relevant law and regulations, relevant regulatory rules, guidance and standards and codes of practice.

As the hire purchase agreement entered by Mr Y is a regulated consumer credit agreement this service is able to consider complaints relating to it. Blue Motor are also the supplier of the goods under this type of agreement and are responsible for a complaint about their quality.

The Consumer Rights Act 2015 (CRA) covers agreements like the one Mr Y entered. Because Blue Motor supplied the car under a hire purchase agreement, there's an implied term that it is of a satisfactory quality at the point of supply. Cars are of satisfactory quality if they are of a standard that a reasonable person would find acceptable, taking into account factors such as, amongst other things, the age and mileage of the car and the price paid.

The CRA also says that 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 and safety can be aspects of the quality of the goods.

Satisfactory quality also covers durability. For cars, this means the components must last a reasonable amount of time. Of course, durability will depend on various factors. In Mr Y's case, the car was used and had covered approximately 40,000 miles when he acquired it. So, I'd have different expectations of it compared to a brand-new car. Having said that, the car's condition should have met the standard a reasonable person would consider acceptable, given its age, mileage, and price.

Our investigator has explained that he thinks the car wasn't of satisfactory quality when it was supplied to Mr Y. Or rather, he thinks it wasn't sufficiently durable. I agree in this case. There is no doubt the car has experienced some faults – the information and invoices provided by Mr Y confirm that. From what I've seen, I'm persuaded the car wasn't of satisfactory quality when it was supplied to Mr Y. I'll explain why.

The CRA explains that where goods are found not to have conformed to the contract within the first six months, it is presumed the goods did not conform to the contract at the point of supply. Unless the supplier, Blue Motor in this case, can prove otherwise. However, Mr Y didn't bring the problems with the car to Blue Motor's attention until our service notified them of his complaint – he'd been in touch with the credit broker prior to bringing his complaint to the Financial Ombudsman. Mr Y made his complaint to our service in November 2024, which was eight months after he'd been supplied with the car. As this was outside of six months, it was for Mr Y to show any faults with the car had been present at the point of supply.

I'm satisfied that Mr Y has demonstrated that the car had faults from the point of supply. He has supplied evidence from G that suggests the car has an inherent fault, probably caused by poor manufacturing, and the car had only covered approximately 44,000 miles when the EML came on. Blue Motor also appear to accept the car had faults from the point of sale now that they've been able to consider the evidence from Mr Y – but they're disputing what the resolution should be.

Mr Y didn't contact Blue Motor when the initial engine replacement work was needed. But I'm more satisfied than not that, had he done so, they would have asked the supplying dealership to assist with repairs. G had supplied the car, and had supplied the warranty, and I'm not persuaded Blue Motor would have asked anyone else to help out at this point. So, I don't think Mr Y has prejudiced Blue Motor's position by going straight to G when he did.

Blue Motor's main argument seems to be that Mr Y continued to drive the car once he knew there was a potential problem with the engine, and the EML was illuminated. But I haven't seen any evidence that backs that assertion up. The EML illuminated on 11 July 2024 and Mr Y got in touch with G immediately and took the car to G the following day. It remained there until the engine repair work had been completed on 22 July. I'm more satisfied than not that Mr Y notified G and took the car back to them at the earliest opportunity once the EML came on – there isn't anything provided by Blue Motor to suggest otherwise, or to confirm that Mr Y didn't do this and continued to use the car. So, it follows that I'm not persuaded that the engine damage seen in the car at this time was exacerbated by any continued use of the car by Mr Y.

The CRA allows for one opportunity to repair, and that has happened here. And it has brought the car back into conformity with the contract. I haven't seen anything that suggests the engine repair was responsible for the future problems Mr Y experienced with the key fobs for the car. But I don't think it's reasonable that Mr Y should have to pay for the engine repair work. Blue Motor should reimburse the amount – totalling £2,976 – as I'm not satisfied the car was sufficiently durable when the engine failed. It had only covered approximately 44,000 miles at the time it failed.

Mr Y was without the car for 11 days between 11 and 22 July 2024 and he wasn't provided with a courtesy car. So, it's reasonable to ask Blue Motor to give Mr Y a pro-rata refund of his July 2024 monthly repayment to compensate for the days he was unable to use the car.

Mr Y has explained the impact having a car of unsatisfactory quality has had on him. No amount of money can change what's happened, but the compensation I'm awarding is in line with what's awarded where the impact of the mistake has caused considerable inconvenience, upset and worry. I'm asking Blue Motor to pay Mr Y £250 to reflect the inconvenience of being supplied with a car of unsatisfactory quality.

My final decision

For the reasons above, I'm upholding this complaint. Blue Motor Finance Ltd must:

- Pay Mr Y £2,976 for the repairs to the engine in July 2024.
- Pay Mr Y a pro-rata amount of his monthly payment for the time between 11 and 22 July when he was without a car and wasn't kept mobile.
- Pay 8% simple interest on all refunded amounts, from the date of payment until the date of settlement.*
- Pay Mr Y £250 compensation to reflect the upset he's been caused by being supplied with a car of unsatisfactory quality.
- Remove any adverse information from Mr Y's credit file in relation to this agreement, from its inception up to and including 22 July 2024 (if applicable).

*If Blue Motor Finance Ltd consider they're required by HM Revenue & Customs to deduct income tax from that interest, they should tell Mr Y how much they've taken off. They should also give him a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Y to accept or reject my decision before 29 August 2025.

Kevin Parmenter
Ombudsman