

The complaint

Miss S is unhappy that Specialist Motor Finance Limited (“SMF”) didn’t reimburse the costs she incurred as a result of her car being of unsatisfactory quality.

When I refer to what Miss S and what SMF have said, it should also be taken to include things said on their behalf.

What happened

In January 2023, Miss S was supplied with a used car through a hire purchase agreement with SMF. The cash price of the car was £5,995 and Miss S paid a deposit of £599.50. The hire purchase agreement for the remaining £5,395.50 was set to run for 60 months, with 59 monthly payments of £157.85 followed by a final payment of £167.85 which included an option to purchase fee. The car was around seven years old and had done 55,175 miles.

Miss S collected the car on 21 January 2023. On driving home, she found the clutch was faulty. Five days later, Miss S contacted SMF and it arranged for an independent inspection. The report issued on 3 February (which I’ll refer to as the ACE report), concluded that there was a fault with the clutch and that it would’ve been present when the car was supplied.

SMF issued a final response to Miss S, dated 22 February 2023, in which it upheld her complaint about the quality of the car. SMF confirmed that the repairs would be completed at no cost to Miss S.

Following the repair, Miss S experienced further problems with the car, so she brought her complaint to our service.

Our investigator didn’t think SMF had done enough to put matters right because the evidence showed that Miss S had not been able to use the car since collection. So, our investigator thought SMF ought to refund the rental payments from 21 January to 1 March 2023, which was when the repair was completed. Our investigator also thought SMF should cover, on receipt of evidence, the payment Miss S made for her car to be towed to the garage. For the distress and inconvenience Miss S experienced, our investigator said SMF ought to pay £150 compensation, along with interest on the refunded rental payments.

Miss S accepted our investigator’s recommendations. SMF asked for evidence of the costs and bank details for payment. This was taken to be acceptance of our investigator’s view.

Miss S continued to experience problems with the car and, more recently, she told us that SMF hadn’t completed the recommended actions. When we contacted SMF about this, it confirmed that it didn’t accept the investigator’s view. SMF said it agreed to the compensation and rental payment refund, but it hadn’t been made aware of towing costs. SMF asked for an ombudsman to review the complaint.

I issued a provisional decision in July 2025, where I explained my intention to uphold the complaint. In that decision I said:

provisional decision

The Consumer Rights Act 2015 (CRA) covers hire purchase agreements such as the one Miss S entered into. In this agreement, there is an implied term that the goods supplied will be of satisfactory quality. Under the CRA, a car is considered of satisfactory quality if it lives up to what a reasonable person would expect taking into account the description and price of the car, along with other relevant factors. The CRA says the quality includes the car's general state and condition, as well as its fitness for purpose, freedom from minor defects, safety, and durability.

So, if I thought the car was faulty when it was supplied to Miss S, 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 SMF to put this right.

Undisputed Fault

In this instance, it's not disputed there was a problem with the car's clutch, or that the fault was present when the car was supplied to Miss S. I've seen a copy of the ACE report, dated 3 February 2023, which concluded that:

"due to the time and mileage from the point of sale that the clutch fault was developing at the date of sale and will need referring back to the selling agent for their consideration."

SMF relied on the ACE report and confirmed in its final response to Miss S that the dealer had agreed to the repairs. Therefore, I'm satisfied that I don't need to consider the merits of this issue within my decision, so I'll focus on what I think SMF should do to put things right.

Use of car

Miss S stopped using the car and, to support her reason for doing so, she provided evidence from the RAC website which advises against driving a car with a faulty clutch. I don't think that was an unreasonable decision. And, looking at the mileage from supply to the independent inspection report, the car had only done another 24 miles. Around half of this appears to be the distance from the dealer to Miss S's home. This supports what Miss S said about not using the car. Based on this evidence, I think it's reasonable to conclude that Miss S didn't have use of the car from the date of supply until it was repaired. To put this right, I intend to ask SMF to refund the monthly rental payment Miss S made for the period 21 January 2023 to 22 February 2023, including 8% simple yearly interest.

To be clear, I do understand that the repair wasn't completed until 1 March. The rules under which this service operates permit me to consider matters up to the date a business issues its final response to a complaint. SMF issued its final response to Miss S's complaint on 22 February 2023, which means I can only direct SMF to take action in relation to matters up to that date. I'm aware that Miss S has another complaint about SMF which is also being decided by this service. The decision reached on that complaint will take into consideration any costs which relate to matters from 23 February 2023 onwards.

Towing cost

Miss S said she incurred towing costs to get the car to the garage for repair. She provided the receipt showing that the car was towed away, for which she paid £70, on

23 February 2023. For the same reasons I've set out above, this cost relates to a period after SMF issued its final response and will be covered in Miss S's second complaint.

Inconvenience

Although the towing charge isn't addressed here, I can see that the car should've been collected from Miss S around a week earlier. The evidence shows that Miss S chased an update on the collection time but, despite reassurances that the towing truck was on its way, the car wasn't collected. For that reason, Miss S had to organise and, subsequently pay for, the car to be taken to the garage.

In addition to this, a courtesy car was not available to Miss S, so she sourced a hire car to use during the period prior to repair. I'm not asking SMF to refund the hire car cost because I've already said that it should refund the payment she made for the time she was without her car. That said, I've thought carefully about Miss S having to arrange alternative transport so soon after being supplied with the car, and having to make arrangements to return the car after the planned collection failed. I can understand that this would've caused Miss S the distress, frustration and inconvenience she described. In recognition of this, I think that compensation of £150 is warranted. I note that SMF has already agreed to this.

I asked both parties to send me any further comments and information they might want me to consider before I reached a final decision.

Responses

After seeking and receiving clarification of the amount to which interest would be applied, Miss S said:

"I have reviewed the reasons behind the Ombudsman's provisional decision. As all the relevant information I provided has been considered for this complaint, I have nothing further to add. Accordingly, I accept the provisional decision"

SMF said:

"We confirm that we accept the decision... as a means to resolve we will also agree to pay the £70.00 tow fee."

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.

As both Miss S and SMF accepted my provisional decision, it now becomes my final decision.

However, I'll briefly address SMF's offer to pay the towing fee. While I welcome its offer to do so, for the sake of clarity I will not be asking it to make payment as part of my final decision. SMF said it cannot see there is a second complaint. This service is already looking into the second complaint, so I won't comment on the detail here. But, as explained in my provisional decision, the rules under which we operate do not permit me to look into matters relating to the period after SMF issued its final response. The final response was dated 22 February 2023, and the towing fee was charged the following day. Therefore, I'm not asking SMF to pay the fee at this stage.

To be clear, I'm not suggesting that SMF shouldn't pay the towing fee. I'm simply not requiring it here. If it chooses to pay the fee now, SMF may wish to make that clear in the evidence it provides to us in respect of Miss S's second complaint.

My final decision

For the reasons explained, I uphold Miss S's complaint and Specialist Motor Finance Limited must:

- refund the rental payment Miss S made for the period 21 January 2023 to 22 February 2023;
- apply 8% simple yearly interest on the refund, calculated from the date Miss S made the payment to the date of the refund[†]; and
- pay Miss S £150 to compensate her for the trouble and inconvenience caused by being supplied with a car that wasn't of a satisfactory quality.

[†]If SMF considers that tax should be deducted from the interest element of my award, it should provide Miss S with a certificate showing how much it has taken off so she can reclaim that amount, if she is eligible to do so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 5 August 2025.

Debra Vaughan
Ombudsman