

The complaint

Mrs H complains that the car she acquired financed through a hire purchase agreement with Creation Consumer Finance Ltd ("Creation") wasn't of satisfactory quality.

What happened

In May 2022 Mrs H acquired a car financed through a hire purchase agreement with Creation. In December the car failed to start and was recovered to a garage, D. Repairs totalling £1,000 were completed and a further diagnostic inspection was carried out by a second garage, S. This inspection indicated repairs needed were extensive and the cost would exceed the remaining finance balance. At the end of January Mrs H paid the finance in full as the car was not viable.

Mrs H raised a complaint with Creation. Creation wasn't able to respond to the complaint within eight weeks so Mrs H was referred to our service. It eventually did provide a final response letter in which it said the evidence provided by Mrs H did not satisfy the burden of proof that the car wasn't of satisfactory quality at the point of supply.

Our investigator concluded the faults were likely related to reasonable wear and tear and the car was of satisfactory quality when supplied. Mrs H didn't agree and asked for a decision from an ombudsman. She provided some additional comments to which I have responded below where appropriate.

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.

I realise this will come as a disappointment to Mrs H but having done so I agree with the conclusions reached by the investigator for the reasons I've outlined below.

I've seen that Mrs H has made numerous points in support of her complaint. I know that I've summarised it in far less detail and in my own words. I'm not going to respond to every single point made by Mrs H. No discourtesy is meant by this. Instead, I've focussed on what I think is the crux of the complaint. Our rules allow me to do this. This simply reflects the informal nature of our service. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point to be able to reach what I think is the right outcome.

In considering what is fair and reasonable I need to have regard to the relevant law and regulations, regulator's rules, guidance and standards, codes of practice and (where appropriate) what I consider having been good industry practice at the relevant time. Mrs H's hire purchase agreement is a regulated consumer agreement and as such this service can consider complaints relating to it.

Creation, as the supplier of the car, was responsible for ensuring it was of satisfactory quality when it was supplied to Mrs H. Whether or not it was of satisfactory quality at that time will

depend on several factors, including the age and mileage of the car and the price that was paid for it. The car was about three and a half years old, had been driven for 21,540 miles and had a price of £19,100. Satisfactory quality also covers durability which means that the components within the car must be durable and last a reasonable amount of time – but exactly how long that time is will depend on several factors.

If I am to decide the car wasn't of satisfactory quality I must be persuaded faults were present at the point of supply. Faults that developed afterwards are not relevant, moreover even if the faults reported were present at the point of supply this will not necessarily mean the car wasn't of satisfactory quality. This is because a second-hand car might be expected to have faults related to reasonable wear and tear.

I'm persuaded there were faults with the vehicle. I say this because I've seen a copy of a breakdown report, garage job sheet, report and commentary from garage S which concludes that the engine was no longer viable and the car required a new engine, DPF and EGR cooler.

In its report Garage S said:

"Carried out investigation into car not starting. Immediately found DPF and EGR cooler blocked solid. Removed timing case, belts and pulleys to check timing. Timing is 180 degrees out. Used endoscope to check inside the cylinders and identified impact damage between the pistons and valves. Complete engine block required with new DPF and EGR cooler."

"the engine is no longer viable. The timing is out by 180 degrees which is far beyond the results of a belt slipping... The outcome is now that you require a complete engine, DPF and EGR cooler ...there are signs of impact damage between cylinders and pistons."

I've also seen copies of videos from the garage which show the timing belt is worn and the engineer explains the timing is out. Manufacturers guidelines for Mrs H's car indicate the timing belt would typically need replacing between 60,000 and 100,000 miles or between five and seven years. Mrs H's car falls within that bracket.

The garage pointed out that the timing being out by 180° is beyond the results of a belt slipping. It also noted the DPF and EGR were blocked and signs of impact damage between cylinders and pistons. While it's clear there were multiple problems with the car engine there is no evidence which shows the root cause. Nor is there evidence any of these issues were present or developing at the point of sale or that the root cause was present or developing at the point of sale. The timing belt being out by 180° would cause significant performance issues with the engine and likely impact the pistons. Many different things can cause a blocked DPF and EGR including but not limited to trip length, driving speed and poor maintenance. And while the timing belt being off by 180° wouldn't directly cause them to be blocked the significant stress on the engine would contribute to issues with the DPF and EGR.

Where the evidence is unclear, incomplete or conflicts, I'll look at what's available and the surrounding circumstances – to decide what I think is most likely to have happened. Mrs H has questioned that the legal standing to go with is what is "likely" to have happened.

We are an evidence-based and, as I mentioned above, an informal dispute resolution service. And my role is to look at the evidence before me and decide what I believe is fair and reasonable. Without the evidence I can only decide based on what I believe was likely to have happened given the circumstances presented.

Mrs H has been able to drive the car about 16,000 miles so it seems unlikely the faults were present when she acquired the car. And I don't know the vehicle's maintenance history so I can't say how well the car was maintained either prior to Mrs H owning it or subsequently. Many things could have caused problems with the DPF and EGR though, as I said above, I accept they could be a knock on effect to the timing belt being off. The timing belt itself was worn but within the maintenance window. So I think it more likely than not the problems with the vehicle were related to wear and tear and the car was reasonably durable. So I'm persuaded it was of satisfactory quality when it was supplied.

Mrs H said the investigator's view does not engage with the severity of the fault. She said the 180° misalignment, piston damage, and the scale of the engine failure all point to a critical internal issue — not general wear and tear. She said this hasn't been properly considered.

The severity of the faults is not in dispute. Mrs H has provided adequate evidence of this. But for me to find that the vehicle wasn't of satisfactory quality the evidence required needs to demonstrate the faults were, or likely were, present or developing at the point of sale. And it doesn't.

Mrs H said she couldn't prove the fault as she had to have the vehicle scrapped to try to recover some of the costs. She said it's not her responsibility as a consumer to prove the fault. Given that Mrs H had had the vehicle for over two years it's not unreasonable that Creation would expect an independent inspection of the vehicle in order to establish any fault and liability. Mrs H said by the time she was instructed to provide an independent inspection the vehicle had already been deemed unrepairable and financially unviable. It had to be disposed of. She said this wasn't negligence — it was a result of the situation in which she was placed. She said Creation had opportunities to investigate the vehicle earlier and did not.

Mrs H paid off the balance of the car on 3 February. I've seen a copy of an email from Creation to Mrs H which confirmed it no longer held a financial interest in the vehicle and legal ownership had been transferred to her. Mrs H raised a complaint with Creation on 12 February. So it's not clear to me when Creation had the opportunity to inspect the car. Nor can I see any discussion took place between Mrs H and Creation regarding the severity of the problems before the disposal of the car.

I'm sympathetic to the fact this is not the news Mrs H would like and I'm sorry to hear the failure of the car has cost her a lot of money. But I'm persuaded the faults were unlikely to be present or developing at the point of sale and were more likely to be as a result of wear and tear. So I'm persuaded the vehicle was of satisfactory quality when it was supplied and I won't be asking Creation to do anything further.

My final decision

My final decision is I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 28 October 2025.

Maxine Sutton
Ombudsman