

The complaint

Mr S complains about the quality of a car that was supplied through a hire purchase agreement with Creation Consumer Finance Ltd (CCF).

What happened

The circumstances surrounding this complaint and my initial findings were set out in my provisional decision which said:

In November 2023, Mr S acquired a used car through a hire purchase agreement with CCF. The car was about six years old and had travelled 78,311 miles when it was supplied. The cash price of the car was £19,292. An advanced payment of £6,707.29 is listed, which included funds from a part exchanged vehicle. So, the total amount financed on the agreement was £12,587.71 payable over 59 monthly repayments of £281.24 followed by a final repayment of £282.24.

Mr S complained that in May 2024, the timing chain failed on his car. He said he left the car with the dealership to repair for a number of months, but it failed again with the same issue, two months after getting it back; so he decided to return the vehicle.

In August 2024, CCF issued their final response to Mr S' complaint which they upheld. In summary, CCF said Mr S' claim was accepted as the repairs to replace the engine had taken place.

Mr S, however said the car broke down again in December 2024 due to the same issue as before. He said the car was repaired again but when he received it back it wasn't in a clean condition. Mr S said he wants to return the car and receive a full refund.

Unhappy with the situation, Mr S brought his complaint to our service where it was passed to one of our Investigator's to look into. In April 2025, The Investigator recommended that Mr S complaint should be upheld. In summary, the Investigator concluded that CCF should facilitate a rejection of the car and pay him £250 in compensation for the distress and inconvenience caused.

Mr S advised that following some initial delays his car was collected by CCF in May 2025; however, he hadn't received the refunds as recommended by the Investigator. CCF also hasn't responded to the enquiries made by the Investigator. So as CCF hasn't carried out the recommendations made by the Investigator, the complaint has been referred to an ombudsman to make a final decision.

I sent Mr S and CCF my provisional decision in September 2024. I explained why I thought the complaint should be upheld. The key parts of my provisional findings are copied below:

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

In considering what is fair and reasonable, I've thought about all the evidence and information provided afresh and the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider to have been good industry practice at the relevant time.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

Mr S complains about a hire purchase agreement. Entering into consumer credit contracts like this is a regulated activity, so I'm satisfied we can consider Mr S' complaint about CCF. CCF is also the supplier of the goods under this agreement, and is responsible for a complaint about their quality.

The Consumer Rights Act 2015 (CRA) is relevant in this case. It says that under a contract to supply goods, there is an implied term that "the quality of the goods is satisfactory, fit for purpose and as described". To be considered as satisfactory, the CRA says the goods need to meet the standard that a reasonable person would consider satisfactory, considering any description of the goods, the price and all the other relevant circumstances.

So, it seems likely that in a case involving a car, the other relevant circumstances a court would consider might include things like the age and mileage at the time of sale and the vehicle's history.

Here, Mr S acquired a used car which had covered 78,311 miles and which cost around £19,295. So, I think a reasonable person would not have the same expectation of quality in comparison to a newer model, which had less mileage. But I still think they would expect the car to be free from any major defects and would expect trouble free motoring for both some time and distance.

From the information provided I'm satisfied there was a fault with the car's engine. This is apparent from the confirmation email from the dealership confirming the engine was replaced and from the timeline of events from CCF which also confirmed the timing belt had snapped. This is consistent with what Mr S has told us.

Both parties are in agreement that the vehicle wasn't of satisfactory quality when it was supplied. CCF have accepted this in their initial response, in August 2024, and in their correspondence, they've confirmed that the engine failed following a short time after repair.

In addition, both parties have accepted the Investigator's assessment that the car wasn't of satisfactory quality when it was supplied and that it should now be rejected.

What appears to be in dispute here is that Mr S has told us that CCF haven't carried out the recommendations made by the Investigator.

Having considered the details of this complaint, I'm satisfied the car wasn't of satisfactory quality when it was supplied and that under the CRA as the repair failed, I'm satisfied Mr S has the right to reject it, having now lost confidence in it.

I'm in agreement with the Investigator that CCF should allow Mr S to reject the car and to refund to him his deposit paid, however in the circumstances I think a compensation payment of £350 is fair in the circumstances for the distress and inconvenience caused.

Mr S has already confirmed that the car has been collected so I'll be instructing CCF to end the agreement with no further monthly repayments to make. However, Mr S has provided a copy of his bank statement to evidence that since the car was collected in May 2025, his monthly repayments have continued.

So, I'll be instructing CCF to refund to Mr S any repayments he's made on the agreement since the car was collected, refund his deposit, and pay £350 in compensation for the distress and inconvenience caused. I recognise this is more compensation than the Investigator recommended, however I think this is reasonable in consideration of the ongoing delays with resolving the situation, and the inevitable impact it's having on Mr S. CCF should also pay interest on all refunds from the date of payment to the date of settlement.

I invited both parties to make any further comments.

CCF responded to say they accepted my provisional decision. However, Mr S said he felt the level of payment for distress and inconvenience should be reconsidered. He made some further comments which I'll address below.

Now both sides have had an opportunity to comment, I can go ahead with my final decision.

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.

Mr S has made some submissions in response to my provisional decision. I have considered all of what it has said. The response included four main points for me to consider in relation to reconsidering the compensation payment that I had reached, but in the main, it didn't provide any new material or significant evidence for me to consider.

I'll address what I consider to be the main points Mr S has raised and explain why these don't change the outcome I've reached.

Within his response Mr S made the following points:

- Since the collection of the car he's been without a vehicle and had to rely on public transport
- There's been an impact to his children's schooling and his commuting to work
- There's been an added emotional impact as a result of the accident that was caused from the fault which occurred
- CCF's delay in carrying out the Investigator's assessment caused further hardship

The above is not exhaustive, but a summary of what I considered to be the main points raised in Mr S' response to my provisional decision.

I recognise Mr S has been impacted as a result of the delays and I acknowledge the distress and inconvenience he's experienced as a result of not having a car. My provisional decision instructs CCF to refund to Mr S any repayments he may have made following the collection of the car with added interest which I think is fair in the circumstances.

To recognise the additional delays and inconvenience caused, I'll be instructing CCF to pay Mr S some compensation, which is an increase to what the Investigator had recommended.

I'm sorry to learn about the impact the situation has had on Mr S' family, however, I'm not persuaded CCF should do more as a result. Mr S is the named complainant on the agreement and as such I'm satisfied the redress in my decision is fair and reasonable in consideration of the impact caused to him. I don't think it's fair to hold CCF accountable for what may have been experienced during a road traffic incident, as I'm not persuaded CCF could have reasonably had any foresight of this.

I still consider my provisional decision to be fair and reasonable in the circumstances. Neither party has added anything which gives me cause to change these. Therefore, for the reasons as set out above and in my provisional decision, I'm satisfied that the car wasn't of satisfactory quality when it was supplied to Mr S. So, my final decision is the same.

My final decision

My final decision is that I uphold Mr S' complaint about Creation Consumer Finance Ltd and instruct them to:

- end the agreement with no further monthly repayments to pay
- refund the deposit Mr S paid (if any part of this deposit is made up of funds paid through a dealer contribution, Creation Consumer Finance Ltd is entitled to retain that proportion of the deposit)
- refund to Mr S any monthly repayments made following the collection of the car in May 2025 (as confirmed by Mr S)
- pay to Mr S £250 in compensation for the distress and inconvenience caused
- remove any adverse information that may have been recorded with the credit reference agencies in respect of the agreement

Creation Consumer Finance Ltd should pay 8% yearly simple interest on all refunds calculated from the date of payment to the date of settlement.

If Creation Consumer Finance Ltd considers that it's required by HM Revenue & Customs to withhold income tax from the interest part of my award, it should tell Mr S how much it's taken off. It should also give Mr S 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 S to accept or reject my decision before 29 September 2025.

Benjamin John
Ombudsman