

## **The complaint**

Mr R complains that a car acquired under a hire purchase agreement with Marsh Finance Limited (“Marsh”) wasn’t of satisfactory quality when it was supplied to him.

## **What happened**

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

In October 2024, Mr R entered into an agreement to acquire a used car. He used a credit broker to source the finance, and the car was supplied by a dealership (T). No deposit was paid, and the total balance was provided under a hire purchase agreement with Marsh. The car was approximately eight years old and had covered approximately 57,800 miles when the agreement started. The agreement was for 60 months, with monthly repayments of approximately £178 and a final payment of approximately £188. The cash price of the car was approximately £7,000.

Two days after acquiring the car, Mr R noticed water had puddled in the driver’s footwell, and the car was leaking from close to the steering column. He took the car back to T and told them he no longer wanted it. He also got in touch with the credit broker and Marsh to say he wanted to reject the car because of the fault. The car was left with T, and Mr R cancelled his direct debit arrangement for the monthly payments.

The credit broker arranged an independent inspection of the car two months later. This inspection didn’t show any faults with the car, so Marsh confirmed to Mr R that it was of satisfactory quality, and he should make arrangements with T to collect it.

Mr R brought his complaint to our service. Our investigator upheld it and said Marsh should allow rejection of the car. She also asked them to pay Mr R £200 compensation, and to remove any adverse information relating to the agreement from his credit file.

Marsh didn’t agree. They said the independent report confirmed no faults could be found with the car when it was inspected, and they felt this evidence was more persuasive than what Mr R had provided.

As Marsh haven’t agreed, 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 R is a regulated consumer credit agreement this service is able to consider complaints relating to it. Marsh 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 R entered. Because Marsh supplied the car under a hire purchase agreement, there's an implied term that it is of 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 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 R's case the car was used and had covered approximately 57,800 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 satisfactory, given its age, mileage, and price.

Our investigator has explained that she doesn't think the car was of satisfactory quality when it was supplied to Mr R, due to the puddling of water in the footwell, and the video evidence of a leak in the same area. I agree in this case. I'm satisfied the evidence is clear that the car has demonstrated a fault shortly after it had been acquired by Mr R, and Marsh should have allowed Mr R to reject the car when he made them aware of it. I'll explain why.

The CRA sets out that Mr R can exercise his short term right to reject the car in the first 30 days if the goods do not conform to the contract. I don't think it's in dispute that Mr R contacted Marsh in time, but what remains in dispute is whether the car was of satisfactory quality.

Mr R has provided Marsh with video evidence, taken two days after delivery of the car, which shows a leak from what appears to be the steering column, leading to the puddling of water seen in a subsequent photo provided by Mr R. In email correspondence between Marsh and Mr R following the receipt of Mr R's evidence, Marsh have confirmed that they supported rejection of the car but were having difficulties getting the supplying dealership to agree to take the car back. Whilst I understand why Marsh might have wanted to confirm rejection with the supplying dealership, it isn't a decision for the dealership to make. Marsh are the supplier and owner of the car under this type of agreement, and I'm satisfied they should have made arrangements with Mr R to end his agreement at this point once they had agreed to it.

Marsh's main argument in this case is that the independent inspection didn't find any faults with the car, and therefore no faults have existed. Because of the findings in the report, Marsh changed their mind about allowing Mr R to reject the car and have allowed the agreement to continue.

I accept the independent report didn't find any faults with the car when it was inspected in December 2024. But I'm not persuaded that means the car has never demonstrated any faults. To the contrary, Mr R's video evidence clearly shows a leak emanating from within the car, close to the steering column within two days of being supplied with it. I'm more persuaded than not that this isn't a common, or expected, occurrence in a car and is therefore a fault. The fact that the fault couldn't be replicated and was unexplained doesn't persuade me that it wasn't a fault when it happened. So, it follows that I'm satisfied Mr R

demonstrated a fault with the car and Marsh should have ended the agreement when it was presented with the evidence of it, in line with the CRA short term right to reject.

Marsh have suggested that the video and photo evidence Mr R has provided isn't the car he acquired, as it doesn't confirm the registration number. However, I think it's too much of a leap in this case to suggest Mr R has tried to source evidence elsewhere to support his claim to reject the car. Marsh haven't provided anything to confirm that is what happened either and didn't raise those concerns when Mr R first notified them of his fault with the car. I'm satisfied, from what I've seen, that the evidence provided relates to the car at the heart of this complaint.

Mr R has explained the distress this situation has caused him. The agreement has been continuing and he has received correspondence from Marsh suggesting a default has been added to his credit file. No amount of money can change what's happened, but the amount of compensation I'm awarding is in line with what's awarded where the impact of the mistake has caused considerable distress, upset and worry. Marsh must pay Mr R £200 to reflect the upset having a car of unsatisfactory quality has brought to him. They must also remove any adverse information in relation to this agreement from Mr R's credit file.

### **My final decision**

For the reasons above, I uphold this complaint. Marsh Finance Limited must:

- End the finance agreement ensuring Mr R is not liable for monthly rentals after the point of collection (they should refund Mr R any overpayment for these if applicable).
- Take the car back (if that has not been done already) without charging for collection.
- Pay Mr R £200 to reflect the upset he was caused by being supplied with a car of unsatisfactory quality.
- Remove any adverse information in relation to this agreement from Mr R's credit file.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 11 November 2025.

Kevin Parmenter  
**Ombudsman**