

The complaint

Mr B complains about a car supplied to him using a conditional sale agreement taken out with Close Brothers Limited (“Close Brothers”).

What happened

In January 2024, Mr B acquired a used car using a conditional sale agreement with Close Brothers. The car was over 14 years old, the cash price of the car recorded on the agreement was £7,495, the agreement was for 48 months, made up of regular, monthly repayments of £207.05. The advance payment recorded on the agreement was £200. The mileage of the car recorded on the agreement was 74,000 miles.

Mr B said he began to have issues with the car in June 2024 and could no longer drive it. Mr B said he tried to contact the supplying dealership about the car but he said they were no longer trading.

Mr B hired a car for six days in early July 2024 at a cost of £394.47.

Mr B later had a diagnostic report carried out to the car by a third-party garage and he was informed the car had suffered an engine failure due to worn piston rings.

As Mr B couldn't get in touch with the supplying dealership, Mr B complained to Close Brothers in August 2024. Later in the month, Close Brothers issued their final response where they explained they couldn't conclude there was a fault with the car present or developing at the point of supply.

Unhappy with Close Brother's response, Mr B referred his complaint to our service in September 2024. Mr B also supplied further comments by the third-party garage which diagnosed the car when it initially broke down. In summary, they explained that they thought the fault with the car was likely present or developing at the point of supply.

Our investigator issued his view on the complaint and explained to Mr B that he didn't uphold it. In summary, he explained that he thought the worn piston rings failure was likely due to wear and tear over time, rather than due to a fault. The investigator also explained that while the third-party garage thought the issue was present or developing at the point of supply, he didn't think it was likely, given the age of the car and the miles driven in it since it was supplied to Mr B.

Mr B disagreed with the investigator's findings. Among other things, Mr B reiterated that the issue with the car became apparent within six months of acquiring the car and that he tried to raise this with the supplying dealership.

As Mr B disagreed with the investigator's findings, the complaint was passed to me to decide.

I issued a provisional decision on 2 July 2025 where I explained why I intended to uphold Mr B's complaint. In that decision I said:

“I’m aware I have summarised events and comments made by both parties very briefly, in less detail than has been provided, largely in my own words. No discourtesy is intended by this. In addition, 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 or argument to be able to reach what I think is a fair outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as an alternative to the courts.

Mr B complains about a car supplied to him under a conditional sale agreement. Entering into consumer credit contracts such as this is a regulated activity, so I’m satisfied I can consider Mr B’s complaint about Close Brothers.

When considering what’s fair and reasonable, I take into account relevant law and regulations. The Consumer Rights Act 2015 (“CRA”) is relevant to this complaint. The CRA explains under a contract to supply goods, the supplier – Close Brothers here – has a responsibility to make sure goods are of satisfactory quality. Satisfactory quality is what a reasonable person would expect – taking into account any relevant factors. It’s important to point out in this case that the CRA specifically explains that the durability of goods can be considered part of whether they are unsatisfactory quality or not.

I would consider relevant factors here, amongst others, to include the car’s age, price, mileage and description. So, it’s important to note that the car Mr B acquired was used, over 14 years old, had been driven around 74,000 miles and cost around £7,500. I think a reasonable person would accept that it would not be in the same condition as a new car and was likely to have some parts that are worn.

What I need to consider is whether the car was of satisfactory quality when it was supplied. And in order to do that, I first need to consider whether the car developed a fault.

Had the car developed a fault?

It isn’t in dispute here that the car developed a fault. I say this because Mr B has provided comments made by a third-party garage that diagnosed the car. The third-party garage said:

“After your initial reports of the vehicle smoking heavily and misfiring, we have investigated your reports and made a diagnosis on the engine cylinders. We have found that the cylinders are not holding pressure during the combustion cycle and this leads us to a resolve that the piston rings are worn, this results in the above reports of smoking excessively and engine misfires being confirmed.”

I have also noted that Close Brothers hasn’t disputed that there is a fault with the car in the final response to Mr B or in their submissions to our service. So, with that in mind, I’m satisfied that there is a fault with the car, and likely due to worn piston rings as stated by the third-party garage that diagnosed the car.

Was the car of satisfactory quality at the point of supply?

I now need to consider whether the fault was present or developing at the point of supply to determine whether the car was supplied of satisfactory quality.

I’m mindful that Mr B has said issues with the car first became apparent in June 2024 – within six months of being supplied with the car. Mr B said he attempted to resolve things with the supplying dealership but couldn’t reach them. Mr B says the supplying dealership has likely stopped trading.

Mr B has also supplied an invoice to show that he rented a car on a short-term basis within the first week of July 2024 (again, within six months of being supplied the car) as he said he required it to remain mobile.

I'm persuaded by what Mr B has said here, as I don't think there would be a need to hire another car, if there hadn't been an issue with the car he had acquired.

The CRA says in relation to a consumer's rights to enforce terms about goods:

"(14) For the purposes of subsections (3)(b) and (c) and (4), goods which do not conform to the contract at any time within the period of six months beginning with the day on which the goods were delivered to the consumer must be taken not to have conformed to it on that day.

(15) Subsection (14) does not apply if—

(a) it is established that the goods did conform to the contract on that day, or
(b) its application is incompatible with the nature of the goods or with how they fail to conform to the contract."

So, what the CRA is broadly saying here is that in the first six months, it's assumed the fault was present when the car was supplied and did not conform to contract, unless it can be shown that it wasn't present at the point of supply and therefore did conform to contract.

I'm also mindful the third-party garage that diagnosed the car has said:

"...regarding this vehicle and the condition and faults present when you purchased the car, I can confirm these faults would have been present at the time of purchase.

For the type of fault I would have no issue in saying that the faults were indeed current at the time of purchase, as the fault severity would be concurrent within the timescale of and leading up to vehicle ownership."

I have inferred from the comments above that the mechanic that diagnosed the car believed the fault with it to have been present or developing at the point of supply.

In addition, I have also considered the durability of the piston rings, which is what has been diagnosed to have failed. While I'm not an expert mechanic, I have completed a brief search online and found that piston rings should typically last between 100,000 and 150,000 miles. So, I think it is likely that the piston rings has failed much sooner than I would have expected them to.

Considering everything here, and especially the weight I have placed on the comments made by the third-party garage, I'm satisfied that the fault with the car was likely present or developing at the point of supply. It follows that I don't think the car was supplied of satisfactory quality.

Remedies under the CRA

What I now need to consider is what Close Brothers needs to do to put things right. So, I've gone on to think carefully about the remedies available to Mr B under the CRA. I've also thought carefully about the time that has elapsed, and the opportunity Close Brothers has had to resolve any issues with the car.

While Mr B had initially requested for the car to be repaired (which is one of his rights under the CRA), I no longer think this would be fair to both parties here. I say this because I have

seen online that the MOT has expired, and Mr B said he hasn't been able to drive the car since June 2024. So, it is very likely there may be further issues with the car and there is no guarantee that the car would be roadworthy if I directed Close Brothers to carry out repairs to the car, given it hasn't been used for several months.

Given the time that has passed, and that Close Brothers had the opportunity to resolve things much sooner when Mr B initially complained to them, I think it would now be fairer for Mr B to be able to reject the car from the point he raised his complaint to them in August 2024.

Other costs

As I think Mr B should have been able to reject the car in August 2024, I also think Mr B should be reimbursed any monthly repayments he had made towards the agreement from this point onwards, if any. It is unclear whether Mr B stopped making payments towards the car. So, Close Brothers only need to reimburse repayments actually made and should not hold Mr B liable for any arrears nor associated charges beyond August 2024.

Similarly, considering that I'm satisfied the car wasn't of satisfactory quality at the point of supply and that Close Brothers needs to do more to put things right, I'm satisfied adverse information reported to Mr B's credit file from August 2024 should also be removed.

Mr B has provided an invoice to show that he rented a car on a short-term basis in July 2024 at a cost of around £395. I don't think Close Brothers need to do anything further here as I can't see that he complained to Close Brothers at this time. So, I don't think it would be fair for Close Brothers to be held liable here.

Distress and inconvenience

I think it must have been frustrating for Mr B to have to deal with the car's fault. It meant that since the car broke down, from my understanding, he hasn't been able to use it. Thinking about all this, I think it would be fair and reasonable for Close Brothers to pay Mr B £250 in total to reflect the distress and inconvenience he suffered in relation to this complaint."

I set out that I intended to uphold this complaint. And I gave both parties the opportunity to send me any further information or comments they wanted me to consider before I issued my final decision.

Responses to the provisional decision

Mr B respond and said he accepted my provisional decision. Mr B also said, amongst other things that he needed to rely on his friend to take him to work as early as July 2024 and that he acquired a new car at around August 2024.

Close Brothers didn't respond to my provisional decision before the deadline I set.

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.

Having done so, I'm not persuaded to change my opinion from the provisional decision I made. To be clear, I don't dispute that Mr B had issues with his car from early July 2024. As I explained already in my provisional decision, I'm persuaded by what Mr B has said here, as I don't think there would have been a need to hire another car, if there hadn't been an issue with the car he had acquired.

However, as I have also already explained, I can't see that Mr B complained to Close Brothers until August 2024. So I don't think it would be fair to hold Close Brothers liable for matters they weren't made aware of at the time. In summary, I think Close Brothers needs to do more in this instance to put things right. I'm satisfied the outcome reached is fair and reasonable given the circumstances.

My final decision

For the reasons I've explained, I uphold this complaint and I instruct Close Brothers Limited to put things right by doing the following:

- End the agreement with nothing further to pay (if this has not been done already).
- Collect the car (if this has not been done already) at no further cost to Mr B.
- Refund Mr B's advance payment towards the agreement of £200. If any part of this advance payment was made up of funds through a dealer contribution, Close Brothers doesn't need to refund this amount. *
- Reimburse Mr B a pro rata of his monthly repayments from August 2024 to when the agreement ends, and the car is collected. Close Brothers only need to refund repayments Mr B made during this period. *
- Pay Mr B £250 to reflect the distress and inconvenience caused.
- Remove any adverse information from the customer's credit file in relation to the agreement from August 2024, if any.

* These amounts should have 8% simple yearly interest added from the time of payment to the time of reimbursement. If Close Brothers considers that it's required by HM Revenue & Customs to withhold income tax from the interest, it should tell Mr B how much it's taken off. It should also give Mr B a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue and Customs if appropriate.

If Close Brothers has already given compensation in relation to this specific complaint, the final amount should be less the amount already given.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 14 August 2025.

Ronesh Amin
Ombudsman