

The complaint

Mr M complains that information wasn't disclosed to him during the sales process when he acquired a used car under a hire purchase agreement with Startline Motor Finance Limited ("Startline").

What happened

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

In November 2023, Mr M entered into an agreement to acquire a used car. Mr M paid a deposit of £2,995, with the balance of the purchase price being provided under a hire purchase agreement with Startline. Mr M used a credit broker to source the finance provider for him. The car was nine years old and had covered approximately 63,200 miles when the agreement started. The agreement was for 36 months, with monthly repayments of £146.68. The cash price of the car was £6,995.

Mr M wanted to sell the car in October 2024, as he was looking to settle the agreement. However, when he approached an online car sales site, he was told they were unable to list the car as it had been declared as a Category N in March 2023 – meaning it had suffered some previous non-structural damage. This came as a surprise to Mr M, and he complained to Startline about it. He said he had paid too much for the car at the start of the agreement and would now have to sell it at a reduced price because of the Category N declaration. He felt he'd been misled into entering the agreement.

Startline didn't uphold Mr M's complaint. They said the credit broker had carried out appropriate checks on the car and those checks hadn't confirmed the car was classified as a Category N. As such, Startline told Mr M that the car hadn't been mis-sold to him. They did pay Mr M £400 to reflect the inconvenience he'd been caused while Startline were looking into things.

Mr M didn't accept Startline's outcome and brought his complaint to our service. Our investigator upheld it. He said he was satisfied the car had been classified as a Category N prior to Mr M acquiring it, and therefore he had lost out as a result. He said Startline should allow Mr M to reject the car and they should end the agreement with nothing more for him to pay. Our investigator also said Startline should refund Mr M's total deposit, but they could keep the monthly payments he'd made to reflect the use he'd had of the car. Finally, he said Startline should pay Mr M £200 to further reflect the stress he'd been caused.

Startline didn't accept our investigator's recommendations. They continue to maintain they were satisfied the car hadn't been mis-sold as the credit broker hadn't been aware of the Category N status from the checks they had carried out. They also said that if the car is to be rejected, it wouldn't be fair to refund Mr M's total deposit. He had failed to pay some of his monthly payments so Startline felt they should be entitled to keep some, if not all, the deposit, should our service decide to uphold the complaint.

As Startline didn't agree, the complaint was passed to me to decide. I issued a provisional decision on 2 July 2025. It said:

I've considered all the available evidence and information 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.

The fact the car was supplied to Mr M under a hire purchase agreement means that Startline have responsibility for things that were said or done by the credit broker prior to Mr M's entry into the agreement. However, they don't have any responsibility for what Mr M might have been told during any negotiations with the selling dealer. They are a different entity and aren't classed as an agent of Startline.

Mr M has said that the car being categorised as a Category N has made it more difficult to sell, and he believes the value will be reduced because of the categorisation. For clarity, my understanding of Category N is that the car has previously suffered some minor non-structural damage. But Category N status doesn't mean the car is, or has been, unroadworthy.

I've read Mr M's comments about the credit broker's failure to bring it to his attention that the car being acquired had been logged as a Category N prior to him entering the agreement. He makes his argument passionately in all his correspondence with Startline and with our investigator. With that in mind, I've reviewed relevant guidance issued by the Chartered Trading Standards Institute (CTSI)¹. That information sets out to the motor trade steps to take in terms of compliance with relevant law², such as avoiding misleading actions or omissions, and poor or unfair practices.

The guidance says that making a misleading omission could be unfair. An example given is that of failing to provide information relating to the car's previous accident or write-off history if the credit broker is aware of it. Their awareness of it is a key point here.

It's reasonable for me to consider the guidance alongside the checks the credit broker carried out prior to Mr M taking delivery of the car, and whether those checks should have alerted the broker to any previous damage to the car. And in this case, I don't think they should have done. Startline has shown that the credit broker carried out a Hire Purchase Information (HPI) check prior to referral to Startline. This check is used to assess a number of things about the car in question – including whether or not the car has previously been stolen or written-off – as well as any previous finance agreements and the number of previous registered keepers. I'm satisfied that it's likely these checks wouldn't have led the credit broker to make any additional enquiries about how the car had been used, or how it had been recorded on other databases. I say this because the HPI check didn't report any concerns with the car. It didn't show the car had been classified as a write-off, or had any other markers applied to it. As such, I don't think the credit broker needed to continue to make enquiries about the previous status of the car, as there wasn't anything contained in their checks that would have made them curious about any other database information.

I'm not persuaded that Mr M has been misled by the credit broker as to the Category N status of this car. I appreciate more checks could have been carried out by the broker –

¹ Car traders and consumer law – Guidance for dealerships – can be found at <https://www.businesscompanion.info/focus/car-traders-and-consumer-law>

² Among other things, the Consumer Protection from Unfair Trading Regulations 2008, the Consumer Rights Act 2015, and the Consumer Contract Regulations 2013

indeed, Mr M has shown that it's possible to find out the car has been recorded as a Category N – but, just because other checks could have been completed, it doesn't mean my decision should be that the credit broker have misled Mr M or treated him unfairly by undertaking the checks they chose to at the point of supply. I'm more satisfied than not that the checks completed by the broker prior to Mr M taking delivery of the car were adequate in this case.

Mr M has said that the value of the car had been too high when he acquired it, considering it had been recorded as a Category N on some databases. However, I'm not persuaded that the car was valued too high at the point of supply. Mr M's agreement shows the cash price of the car as £6,995 when he acquired it – but an independent motor trade valuation guide shows the car's market value in November 2023 as £9,628. Based on this information, it seems the car was priced approximately 25% lower than it's suggested market value at the time. So, it seems the car was more than fairly priced at the point it was supplied to Mr M.

I know Mr M also has concerns that the re-sale value of the car has now been adversely impacted by the Category N status. I'd like to remind him that the car is the asset of Startline for the duration of the agreement, so Mr M needs to seek their consent before attempting to sell the car – and as this hasn't happened yet and the car hasn't been sold, Mr M hasn't shown that he's suffered a loss.

I'm also aware that Startline have issued court proceedings against Mr M for not meeting his monthly repayments, and they are seeking to have the agreement terminated and the car returned to them. That is a separate matter to the one I have considered about Mr M being misled prior to the agreement, so I won't be commenting on that aspect in this decision.

Startline have previously paid Mr M £400 for some inconvenience he was caused while they initially looked into his complaint. I think that's reasonable in the circumstances, and I'm not minded to ask Startline to do anything more here.'

Mr M responded. He said he was planning to take things further but hasn't responded since and the deadline has expired.

Startline said they were reviewing the provisional decision but also haven't responded since.

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 see no reason to depart from the findings of my provisional decision. Neither party have provided any additional evidence or information for me to consider, so my decision is that Startline don't need to do anything more to settle this complaint.

My final decision

For the reasons above, I don't uphold this complaint. Startline Motor Finance Limited don't need to do anything more to settle this complaint.

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

Kevin Parmenter
Ombudsman