

The complaint

Miss C complains that a car acquired under a hire purchase agreement with Startline Motor Finance Limited ("Startline") wasn't of satisfactory quality when it was supplied to her.

What happened

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

In May 2024, Miss C entered into an agreement to acquire a used car. Miss C paid a small deposit, with the balance being provided under a hire purchase agreement with Startline. Miss C used a credit broker to source the finance provider for her. The car was eight years old, and Miss C was told it had covered approximately 91,300 miles at the time it was supplied (although it later became clear it had covered approximately 92,000 at the point it was supplied). The agreement was for 60 months, with 59 monthly repayments of £149.45 and a final repayment of £159.45. The cash price of the car was £5,990.

Miss C got in contact with Startline in July 2024. The car had covered approximately 93,000 miles at this point. She had experienced a lot of problems with the car, including sluggish performance and fumes within the car. She had arranged for a diagnostic test to be completed, and this had shown multiple error codes that had been hidden prior to supply, which related to the problems she was experiencing. When the codes were reset, the engine management light was immediately illuminated.

Startline agreed to end the agreement and take the car back. There was some dispute about retaining some monthly payments for Miss C's use of the car, but it was eventually agreed that Startline would retain one monthly payment for Miss C's use and would refund the other four payments that had been made towards the agreement, along with her deposit and £120 for the inconvenience she'd been caused.

Miss C brought her complaint to our service as she felt she was entitled to more compensation. She also explained that she'd paid to have the air conditioning re-gassed shortly after taking delivery of the car and had had to pay for the diagnostic test. Our investigator didn't uphold it. He said that what Startline had offered was fair to resolve the complaint.

Miss C didn't accept this. She said she and her family had been severely inconvenienced by not having a car she could use, and it had impacted her life more than was to be expected.

As Miss C didn't agree, the complaint was passed to me to decide. I issued a provisional decision on 3 July 2025. It said:

'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 Miss C is a regulated consumer credit agreement this service is able to consider complaints relating to it. Startline are also the supplier of the goods under this type of agreement and are responsible for a complaint about their quality.

Here, Startline have already agreed to end the agreement and take the car back from Miss C. They've also agreed to refund Miss C four monthly payments to reflect the limited use she had of the car. Miss C has accepted this. For clarity, I'd also like to confirm that I think Startline have acted fairly with their actions in this regard.

The only thing I have to decide on is the amount of compensation Startline have offered to Miss C. And I think there are a couple of other things Startline are responsible for, and Miss C should be refunded for. I'll explain.

Miss C has confirmed that she had to have the air conditioning re-gassed shortly after supply, at a cost to her. As she returned the car to Startline within two months of being supplied with it, I think it's reasonable to say that Miss C hasn't received any benefit from the air conditioning re-gassing. Startline have received a car back that has had part of its features maintained, so I think it's fair for them to reimburse Miss C for the cost of the re-gassing. Miss C has said she has provided an invoice to our service for this repair – although I can't see it on file. But I'm planning to ask Startline to reimburse her for the cost of this, subject to her providing them with the invoice showing payment. Or, if Miss C would like to send it to our investigator, he will be able to pass it on to Startline.

Also, Miss C has paid £108 for a diagnostic test to help show the car was of unsatisfactory quality. As Startline have since accepted the car was unsatisfactory, I'm satisfied that Miss C should also receive the diagnostic test costs back. She has provided an invoice to our service for that – if Startline haven't received it, they should let the investigator or Miss C know, so it can be provided for their records and to help them confirm payment.

Startline should pay 8% simple interest on both refunded amounts mentioned above, calculated from the date of payment until the date of settlement.

Finally, our investigator has said that Startline's compensation award of £120 is reasonable. However, I don't think it accurately reflects the inconvenience having a car of unsatisfactory quality placed on Miss C. She has explained in some detail the impact on her and her day-to-day life and the impact it had on her family. I agree with our investigator that issues and problems in everyday life are expected. However, I'm satisfied that Miss C suffered more than the usual problems you might expect in everyday life.

No amount of money can change what's happened. But the compensation I'm planning to recommend is in line with what's awarded where the impact of the mistake has caused considerable distress, upset and worry – and/or significant inconvenience that needs a lot of extra effort to sort out. So, I think £250 total compensation is more suitable in the circumstances because of the impact having a car of unsatisfactory quality had on Miss C.'

Miss C responded. She provided the investigator with the invoice for the re-gassing of the air conditioning. She also commented that she believes more consideration should be given to the level of compensation being proposed for her. She said that she could have had a serious accident, and her children could have been hurt, because of the fumes that were entering the car rather than out of the exhaust.

Startline didn't respond.

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.

Miss C has explained what the consequences could have been had her and her family's exposure to the fumes entering the car continued. I understand Miss C's worry here, but as I've said in my provisional decision, no amount of money can change what has happened. The key point here is I am only considering what has happened – I'm not considering what could have happened. Thankfully, Miss C and her family haven't been caused any harm by the car being of unsatisfactory quality.

It isn't my role to punish the business. It's to make a quick and informal decision based on the facts of the case. Because of that, I'm satisfied the outcome proposed in my provisional decision, including the amount of compensation Startline should pay, is fair in the circumstances.

The investigator has forwarded on the invoice for the re-gassing of the air conditioning to Startline, so they should settle that to Miss C as directed below.

My final decision

For the reasons above, I'm upholding this complaint. Startline Motor Finance Limited must:

- Refund the cost of the air conditioning re-gassing to Miss C.
- refund £108 for the diagnostic test Miss C had completed.
- pay 8% simple interest on both refunded amounts, from the date the amounts were paid until the date of settlement.*
- pay Miss C an additional £130 compensation to reflect the distress more accurately caused to her by being supplied with a car of unsatisfactory quality.

*If Startline Motor Finance Limited consider that they're required by HM Revenue & Customs to deduct income tax from that interest, they should tell Miss C how much they've taken off. They should also give Miss C a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 15 August 2025.

Kevin Parmenter
Ombudsman