DRN-5720463

Financial Ombudsman Service

The complaint

Mr T complains about a car supplied under a hire purchase agreement, provided by Toyota Financial Services (UK) PLC.

What happened

Around March 2024 Mr T acquired a used car under a hire purchase agreement with Toyota. The car is listed with a cash price of £31,372 on the agreement, was around four and a half years old and had covered around 78,322 miles. Mr T paid a total deposit of £2,099.

Unfortunately, Mr T says the car developed issues. He says it was noted in June 2024, when he got a nail in a tyre repaired, that the car had incorrectly sized tyres fitted. Mr T says he contacted the supplying dealer about this. Mr T says the dealer then replaced an incorrectly fitted premium tyre with a budget one, which he was unhappy with.

Mr T said he got the car looked at by a manufacturer's garage, who noted several issues that Mr T says were related to the car being driven on the wrong tyres. He said the car was returned to the dealer for repairs which took around four weeks.

Mr T then said the car broke down towards the end of September 2024 and needed to be recovered. He said the issue was diagnosed as a fault in the rear axle. Mr T believes this also had been caused by the issue with the tyres.

Mr T complained to Toyota and asked to reject the car. He also said he was unhappy with the standard of courtesy car he was given when his was repaired.

Toyota issued its final response at the beginning of October 2024. In summary, this said the car passed an MOT before Mr T acquired it. It said due to the age and mileage of the car, wear and tear issues might appear and it was up to Mr T to show they were present or developing at the point of supply. It said the dealer required a report from a third-party garage to confirm any faults. Toyota offered £100 for the inconvenience caused, but didn't uphold the complaint.

Mr T contacted Toyota and explained he'd got a manufacturer's garage to look at the car and give an estimate for a repair. This was sent to Toyota who said it would be passed to the supplying dealer.

Mr T remained unhappy and referred the complaint to our service. He said in November 2024 that he'd paid for the repairs to the car himself as the costs of transport had become too high. He said the repair had cost £3,421.30 at a manufacturer's garage. He also said he thought the car should not have passed an MOT due to the tyres.

Mr T later said the garage who repaired the car told him they had only seen the issue with the axle once before and it was caused by incorrectly sized tyres being fitted.

Our investigator contacted the manufacturer's garage who repaired the car. It explained the issue was with the "*ERAD* (Electric Rear Axle Drive) *transmission"* and that it was very difficult to know when this started to fail. It later said the fault would be a sudden mechanical failure.

Our investigator issued a view and didn't uphold the complaint. She said, in summary, that she thought the car had various faults that occurred while Mr T had it. She said she thought issues with the tyres, suspension and brake pads were likely present or developing when Mr T got the car. But, she said these had been repaired free of charge. In relation to the ERAD, she said she thought it was more likely this was due to wear and tear rather than being caused by an issue with the tyres.

Mr T responded and said he didn't agree. He said the car shouldn't have passed an MOT due to the tyres. He said the tyres had caused the later failure and so this was not due to wear and tear. And he said he should be compensated for the stress and financial hardship this caused.

Mr T later sent some articles about tyre alignment.

Our investigator then issued a second view. This said, in summary, that she still hadn't seen the issue with the ERAD was caused by the tyres or was present or developing at the point of supply.

Mr T remained unhappy. He said the MOT was invalid as the car had *"incorrect tyres"* on.

As Mr T remained unhappy, the complaint was passed to me to decide. I sent Mr T and Toyota a provisional decision on 14 July 2025. My findings from this decision were as follows:

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 initially think this complaint should be upheld in part. I'll explain why.

Mr T complains about a car supplied under a hire purchase agreement. Entering into regulated consumer credit contracts such as this as a lender is a regulated activity, so I'm satisfied I can consider Mr T's complaint against Toyota.

When considering what's fair and reasonable, I take into account relevant law, guidance and regulations. The Consumer Rights Act 2015 ('CRA') is relevant to this complaint. This says, in summary, that under a contract to supply goods, the supplier – Toyota here – needed to make sure the goods were of 'satisfactory quality'.

Satisfactory quality is what a reasonable person would expect, taking into account any relevant factors. I'm satisfied a court would consider relevant factors, amongst others, to include the car's age, price, mileage and description. The CRA also explains the durability of goods can be considered as part of satisfactory quality.

So, in this case I'll consider that the car was used and cost around £31,000. Considering the model of car, this represented a significant reduction on what it would've retailed for when new. It had also covered around 78,000 miles. This means I think a reasonable person would not have the same expectations as for a newer, less road worn model.

I think a reasonable person might expect parts of the car to have suffered from wear and tear. But, I still think they would expect it to be in good condition, free from any significant issues and would expect trouble free motoring for at least a short time.

What I need to consider in this case is whether I think Mr T's car was of satisfactory quality or not. There were several issues raised here, so I'll consider these in turn.

Suspension

I've seen a video from the manufacturer's garage where the issues with the car are pointed out. This isn't dated and a mileage isn't given, but I've assumed this was from around June 2024. In this video, it's explained ball joints on the front suspension had excessive movement. It is advised parts of the suspension needed replacing due to this.

When later repairs were carried out, the mileage was noted as 80,981. So, at the absolute most, Mr T had covered around 2,650 miles in the car when these issues appeared and had had the car for around three months. I find it most likely the issues with the suspension were present or developing at the point of supply. Even if not, I find a reasonable person would not expect these issues to occur when they did, and so the car would not have been durable.

Either way, I find a reasonable person would think the car of unsatisfactory quality when supplied due to the issues with the suspension.

Brakes

In the video from the manufacturer's garage, it's noted two sets of brake pads are around "75% worn" and are "really due for replacement".

Brake pads are parts of the car I would expect to suffer from wear and tear and I don't think a reasonable person would expect new pads on this car. While worn, the important thing is that they appeared to have been road legal and safe, with around 25% wear left.

So, while I appreciate it must have been frustrating for Mr T to need these replacing, I don't think this means the car was of unsatisfactory quality.

Either way, I also noted it appears that these were replaced free of charge anyway.

Tyres

It's important to note that I'm only considering the tyres in isolation here – I'll come to address Mr T's concerns about the issue with the ERAD transmission he believed they caused later.

I also think it's important to address the specific nature of any issue with the tyres. Mr T has used various descriptions for this, including saying they were 'incorrectly fitted' and 'the wrong size'. He said one tyre was replaced by the dealer because of this, and I appreciate he's sent a photo of a tyre. But this didn't come with any testimony or evidence from when this might have initially been changed. And I've not been provided with further evidence of this.

In the video from the manufacturer's garage, they explain what they see as the issue. I've quoted the whole section verbatim below:

"Now regarding your tyres, you've got a bit of a mix of tyres on the vehicle. We always recommend that you have the same brand of tyres across the same axles, to avoid any sort of tracking or movement across the road.

What's happened on this vehicle, you've got two brand new erm (brand name)'s on the driver's side front and rear, but you've got two different makes on the er, passenger side of *the vehicle being a (different brand name) on the rear of the vehicle and (third brand name) on the front of the car as well.*

So it may cause actual movement across, off the road, sorry across the road. So I do recommend same tyres on the same axles if possible."

From this, I think it's clear that Mr T's car wasn't supplied in an ideal condition. But the garage made no reference to issues with the fitting of the tyres, nor the size. And I've had in mind it said the situation "may" cause movement and they "recommend" "if possible" to change them.

Earlier in the video it's pointed out there are no issues with the tread depth or other problems.

I've also considered that Mr T apparently didn't notice any issues with the tyres until this was pointed out to him. So I think it's unlikely the movement mentioned was happening.

Thinking about this, and considering the age and mileage of the car, in this particular case I've not seen that being supplied without matching brands of tyres meant the car wasn't of satisfactory quality.

That being said, I will of course consider anything further Mr T has to say about this or any other evidence.

Again, it's finally worth noting that even if Mr T's car was supplied with a wrongly sized tyre, either way, it appears the tyres were replaced free of charge to Mr T.

ERAD transmission

It doesn't seem to be in dispute here that Mr T's car developed a fault with the ERAD. I've seen a copy of an estimate from October 2024 that states:

"Car had broken down, came in on recovery - diagnosis done to find fault codes stored and c engagement slow. Found ERAD metal shavings in the transmission oil.

INTERNAL DAMAGE DONE TO ERAD - ADVISE REPLACE"

Mr T has been very clear that he believes this issue has specifically been caused by the car being driven on the tyres it came with. And he's said the repairing garage told him this was the case.

But, the repairing garage told our service something significantly different. It's worth noting that when she asked for information from the garage, our investigator specifically explained Mr T believed the issue was due to the tyres and asked it to provide information on what caused the fault. So, I'm putting quite a bit of weight on what it said in response. The repairing garage explained:

"The issue was internal failure within the ERAD transmission, the metal filings will be from the ERAD transmission gearset breaking up due to the failure.

It would be very difficult to put a timeframe on the start of the failure."

"I can confirm we have replaced the ERAD transmission on this vehicle ***due to internal component failure.***

This is a ***sudden mechanical failure*** *hence the reason the car was recovered to ourselves* *as a non starter.*

If this fault occurs we expect to see issues with the drive of the vehicle instantly."

*"**It is very difficult to determine the cause of the failure** and the time scale of when the fault may have started.*

***We cant (sic) confirm anything with any certainty** so we are unable to provide any further information than what has already been provided."*

Please note all emphasis above has been added by myself.

In summary, I'm satisfied that the repairing garage didn't confirm what Mr T told our service and made no reference to the failure being caused, or potentially caused, by the tyres fitted to the car.

I've very carefully thought about all of this. But I'm more persuaded by what the repairing garage said about this than Mr T, given they are the experts who worked on the car. So, I've not seen enough to persuade me the ERAD failure was caused by tyres. Given the garage said it was a "sudden mechanical failure", I've also not seen enough to make me think it's likely the fault was present or developing when supplied.

I've then considered durability. This is a little finely balanced given the age of the car Mr T acquired. But, having considered things, given this fault occurred around six months after Mr T got the car and it had covered well over 80,000 miles, I think a reasonable person would've considered it durable.

It follows all of this that I don't think the car was of unsatisfactory quality due to the failure of the ERAD.

I've considered the links Mr T sent in. But these were not about his car. They referred to tyre alignment rather than tyres being fitted from different brands. And they didn't cover the specific fault in question. So, this doesn't change my opinion.

Finally, I think it's worth noting at this stage that even if Mr T shows the car did have an incorrectly sized tyre fitted when he acquired it, without further evidence I would likely still conclude this didn't cause the issue with the ERAD based on the response from the repairing garage above.

Summary

Having thought about everything, I find that the car was of unsatisfactory quality due to the issues with the suspension. But I find that this wasn't the case in relation to the brakes, tyres and ERAD transmission.

This is roughly inline with what our investigator concluded. But, given my finding about the suspension, I need to consider if Toyota needs to do anything further to put things right.

Putting things right

Given Mr T's car had an issue which meant it was of unsatisfactory quality when supplied, Mr T had rights under the CRA to consider. One of the remedies available to him was to have the car repaired.

I've seen a copy of the internal invoice from the dealer where repairs were completed. This *was dated 20 July 2024 and the mileage was noted as 80,981. This confirms work was done on both sides of the front suspension. Brake pads were replaced. A service was carried out. And two new tyres were fitted.*

I'm satisfied this was likely done free of charge to Mr T. So, in broad terms his rights under the CRA have been met.

That being said, I still think there are other things to consider here. I'm satisfied Mr T was caused distress and inconvenience because of what happened. I think it must have been upsetting for him to realise the car had an issue. He had to take time out for the car to be repaired. And I've noted his comments about the courtesy car not being of the same standard as his.

At this point, I should explain to Mr T that when considering an amount that would reflect the distress and inconvenience caused, I'm only specifically thinking about this in relation to the suspension. I appreciate Mr T has given details of times he was without the car, costs of transport and getting in financial difficulty. However, this was largely in relation to the ERAD transmission which is not something I can consider. So, while I appreciate that overall the situation has had a significant impact on Mr T over several months, most of this I am not taking into account.

That being said, I still think it would be reasonable for Toyota to pay Mr T £250 to reflect what happened.

It's a little unclear if Mr T paid for the health check where the video was produced and the issue with the suspension identified from around June 2024. But, if he can evidence this by showing an invoice or receipt, I think it's reasonable that the cost of a diagnostic is reimbursed.

I gave both parties two weeks to respond with any further evidence or information.

Toyota responded and said it accepted the decision.

Mr T responded with some further points to consider.

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.

I've thought about what Mr T said in response to my provisional decision. In summary, he asked me to consider if Toyota should be make a contribution to the repairs, of around £4,000, or to pay increased compensation to cover the cost of what happened.

I've carefully considered this. But having reviewed everything again, I still don't think Toyota are responsible for the issues with the brakes, tyres and ERAD transmission. It follows I don't agree it should contribute to the repairs. I've also considered if it should pay a higher amount to reflect distress and inconvenience. But, I think what I set out above is still a fair amount.

Having thought about all of the information again, I still think what I set out in my provisional decision is fair and reasonable.

My final decision

My final decision is that I uphold this complaint. I instruct Toyota Financial Services (UK) PLC to put things right by doing the following:

- Pay Mr T £250 to reflect what happened*
- Reimburse Mr T the cost of the diagnostic where the issues with the suspension were identified** ***

*If Toyota has already made any payment in relation to this, it can deduct the amount from this figure.

** Only on production of evidence of this cost such as an invoice and/or receipt.

*** This amount should have 8% simple yearly interest added from the time of payment to the time of reimbursement. If Toyota considers that it's required by HM Revenue & Customs to withhold income tax from the interest, it should tell Mr T how much it's taken off. It should also give Mr T a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue and Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 25 August 2025.

John Bower
Ombudsman