DRN-5721119

The complaint

Miss B complains about a car supplied to her using a hire purchase agreement taken out with Tandem Motor Finance Limited (“TMFL”).

What happened

Miss B referred a complaint to us along with her representative. As the complainant is Miss B, for ease, I have addressed my decision to her only throughout, when referring to what she and her representative have told us.

In June 2024, Miss B acquired a used car using a hire purchase agreement with TMFL. The car was almost ten years old, the cash price of the car recorded on the agreement was £10,700, the agreement was for 60 months, made up of 59 regular, monthly repayments of £297.73, followed by a final payment of £307.73, which included a £10 option to purchase fee. The mileage recorded on the sales invoice for the car was 58,777 miles.

Miss B complained to TMFL in August 2024 as she had issues with the car since June 2024 – within a week or so of acquiring the car. Miss B said the car repeatedly went into limp mode whilst driving.

Miss B’s car was taken in to be investigated on 11 July 2024 and she was given a courtesy car, which she said wasn’t fit for purpose. Miss B regularly asked for updates from the supplying dealership, but she said they didn’t respond to her. Frustrated with the lack of response, Miss B wished to reject the car.

Miss B didn’t hear from the supplying dealership until the end of August 2024.

In September 2024, TMFL issued their final response to Miss B where they explained they upheld her complaint. They said that the supplying dealership had now repaired the car and it was ready to collect since 11 September 2024. Among other things, they offered a reimbursement of one month’s repayment under the agreement.

Unhappy with TMFL’s response, Miss B referred her complaint to our service.

TMFL sent Miss B a letter in October 2024, explaining the agreement had been terminated, following a Notice of Default which was issued in September 2024.

Our investigator upheld Miss B’s complaint. In summary, he said he was satisfied there was a fault with the car which made it of unsatisfactory quality. He also thought that Miss B accepted repairs of the car initially, rather than asking to reject it. Among other things, our investigator instructed TMFL to reinstate the agreement and remove any record of it being terminated, along with paying some compensation for the distress and inconvenience caused.

TMFL disagreed with the investigator’s outcome. In summary, they thought one monthly repayment of £297.73, plus the extended warranty was enough to put things right, and didn’t think additional money for the distress and inconvenience caused by the complaint was warranted.

Miss B also explained that she didn't want to keep the car.

Our investigator issued a further view. In summary, our investigator instructed TMFL to:

- Reinstate the agreement.
- Remove any record of the agreement being terminated.
- Agree a suitable repayment plan if required with Miss B to pay off any arrears that had accrued (and also waive one monthly instalment as outlined in TMFL's offer).
- Provide her with a 12-month extended warranty on the items that were repaired (as outlined in TMFL's offer).
- Remove any adverse information from Miss B's credit file in relation to this complaint.

TMFL further disagreed with the outcome reached, and in particular, to the reinstatement of the agreement. As TMFL disagreed with the investigator's outcome, the complaint was passed to me to decide.

<u>I issued a provisional decision on 15 July 2025 where I explained why I intended to uphold Miss B's complaint. In that decision I said:</u>

"*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.*

Miss B complains about a car supplied to her under a hire purchase agreement. Entering into consumer credit contracts such as this is a regulated activity, so I'm satisfied I can consider Miss B's complaint about TMFL.

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 – TMFL 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.

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 Miss B acquired was used, almost ten years old, had been driven around 58,800 miles and cost £10,700. 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.

<u>Had the car developed a fault?</u>

It isn't in dispute here that the car developed a fault. I say this because Miss B said that she experienced the car go into limp mode early on when she acquired the car. And TMFL in their final response to Miss B quoted the supplying dealership who said:

"[Miss B's] car is now repaired and complete we sent the turbo off for recon they have replaced the actuator with a new one and we have replaced the fuel filter…"

Considering the above, I'm satisfied there was a fault with the car, specifically to the turbo.

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

Considering the fault presented itself shortly after the car was acquired, I'm satisfied the fault was likely present or developing at the point of supply. It follows that I think the car was of unsatisfactory quality at the point of supply.

Remedies under the CRA

What I now need to consider is whether the offer TMFL made to Miss B was fair and reasonable to put things right, or if it needs to do anything further. In this instance, TMFL offered to reimburse one monthly instalment made by Miss B, alongside offering an extended warranty on the parts that were repaired.

I've gone on to think carefully about the remedies available to Miss B under the CRA. And also I'm mindful that Miss B no longer wishes to retain the car as she says she has acquired another.

A consumer, like Miss B, has 30 days to reject a car that's of unsatisfactory quality from the day after the point of supply. And within that time, if the consumer asks for a repair, then a waiting period starts on the day of the request and ends on the day the car is returned.

I have seen screenshots of messages between Miss B and the dealership; one of them where Miss B informed the supplying dealership of issues she experienced with the car as early as 5 July 2024; and another message where Miss B said that the car was returned to the supplying dealership to be repaired on 11 July 2024.

So, considering the above, I'm satisfied Miss B asked for a repair to the car within 30 days after the point of supply.

As Miss B asked for a repair within 30 days of the point of supply, I think a waiting period should have started on the day of the request and should have ended on the day when repairs had completed. So I think Miss B's time limit for short-term right to reject was paused from at least 5 July 2024 to 11 September 2024, when the car was ready to be collected.

Within this time, Miss B then requested to reject the car rather than have it repaired.

I've also considered aspects of the CRA where it explains that a consumer who agrees to a repair cannot exercise the short-term right to reject without giving reasonable time to repair them (unless giving that time would cause significant inconvenience to the consumer). I'm mindful here that Miss B waited over a month to try and get faults with the car resolved – a longer period than Miss B was in possession of the car since acquiring it. And during the time the car was being repaired, I can't see that Miss B was given a specific timescale as to when repairs would be carried out, and I can see Miss B contacted the supplying dealership regularly to request an update. Miss B's requests for updates went mostly ignored. Miss B also explained a situation where the courtesy car she was supplied with, wasn't adequate for a trip she intended to take as it was much smaller than her acquired car. Overall, I'm satisfied a reasonable amount of time was given for repairs to be carried out, and this was leading to significant inconvenience to Miss B, before she asked to reject it.

Frustrated with the lack of response from the supplying dealership, and before she was aware the car had been repaired, Miss B then chose to reject it in August 2024. Considering everything here, I'm satisfied Miss B had a short term right to reject the car and exercised this right within the time limits set out in the CRA. It follows I'm satisfied TMFL should have allowed her to reject the car from 6 August 2024, when she complained to them.

I'm aware the agreement was terminated by TMFL in October 2024. As I'm satisfied that Miss B should have been allowed to reject the car on 6 August 2024, it follows that I think it is fair and reasonable that TMFL remove any record that the agreement was terminated. It also follows that I think it is fair and reasonable that TMFL remove any adverse information recorded on Miss B's credit file from 6 August 2024 onwards and remove any arrears that may have accrued on her account with TMFL from 6 August 2024.

<u>Impaired usage and other costs</u>

I can see that Miss B complained to TMFL on 6 August 2024. So, I think it is fair and reasonable that Miss B is reimbursed any monthly repayments she made from this date onwards. It isn't clear from what date Miss B stopped making repayments towards the agreement. So, TMFL only need to reimburse repayments actually made after this date.

Miss B was given a courtesy car from when she returned her acquired car to be repaired. So, I'm satisfied that Miss B was kept mobile during this time. However, I am mindful of the issues Miss B had with the courtesy car and that it wasn't adequate for a trip she intended to make. Considering the type of vehicle Miss B acquired and comparing it to the size of her courtesy car, I'm satisfied that Miss B has suffered some impaired usage here and should be reimbursed for it. In the circumstances, I think it is fair that TMFL reimburse Miss B 10% of monthly repayments made during the time Miss B was given a courtesy car up until when she complained to TMFL. So, from 11 July 2024 up until 6 August 2024.

<u>Distress and inconvenience</u>

I think it must have been frustrating for Miss B to have to deal with the car's fault. It meant that shortly after acquiring the car, it had issues with it. Miss B lost faith in the car being repaired and grew frustrated with the lack of updates and communication from the supplying dealership. Miss B has explained the impact this complaint has had on her. Thinking about all this, I think it would be fair and reasonable for TMFL to pay Miss B £200 in total to reflect the distress and inconvenience she 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.

<u>Responses to the provisional decision</u>

Miss B responded and said she accepted my provisional decision.

TMFL 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.

As Miss B accepted the findings I made, and TMFL didn’t respond to it, I see no reason to depart from what I said in my provisional decision.

In summary, I think TMFL 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 Tandem Motor Finance Limited to put things right by doing the following:

- End the agreement and record it as so from 6 August 2024, ensuring any arrears on the account are also removed from this date onwards.
- Ensure any adverse record of the agreement being recorded as terminated, is removed, as TMFL should accept rejection from August 2024.
- Collect the car (if this has not been done already) without charging Miss B for collection.
- Reimburse Miss B her monthly repayments made from 6 August 2024 onwards, if applicable. *
- Reimburse Miss B 10% of repayments made towards the agreement from 11 July 2024 up to 6 August 2024, to reflect impaired usage. *
- Pay Miss B £200 to reflect the distress and inconvenience caused.
- Remove any adverse information from Miss B’s credit file from 6 August 2024 onwards, if any.

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

If TMFL 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 Miss B to accept or reject my decision before 26 August 2025.

Ronesh Amin
Ombudsman