DRN-5722128

The complaint

Mrs O complains that a car supplied to her under a hire purchase agreement with Blue Motor Finance Ltd (BMF) is of unsatisfactory quality.

What happened

The circumstances surrounding this complaint and my initial findings were set out in my provisional decision which said:

In January 2024 Mrs O entered into a hire purchase agreement with BMF to acquire a used car. The car was around eight and a half years old, with a mileage of around 38,368. The cash price of the car was £10,999.00 with a deposit payment of £6,301.00 made by way of part-exchange. The total amount payable on the agreement was £12,803.60, payable over 60 monthly payments of £108.36, with an option to purchase fee of £1.00 being payable at the same time as the final repayment.

Mrs O explained just over six months after obtaining the car, on 25 July 2024, the vehicle was making a strange sound, so she called a recovery company. They attended and concluded there was an engine issue requiring the car to be recovered to a repairer.

The repairer inspected the vehicle and issued a written report to Mrs O explaining there had been an oil pressure failure causing damage to the engine, meaning a replacement engine was necessary before the vehicle could be back on the road. The repairer also explained that the oil pressure warning system hadn't activated and couldn't explain why.

Mrs O then complained to BMF about the issues. BMF stated that as the fault had happened over six months since the start of the agreement, she would need to evidence that the fault was present or developing at the point of supply. Mrs O went on to arrange an independent inspection. During this time, BMF issued its final response to the complaint, explaining that as it hadn't received evidence that the fault was present or developing at the point of supply, it didn't uphold Mrs O's complaint.

Mrs O had the inspection carried out. The independent inspector didn't think the issue with the vehicle was present or developing at the point of sale and mentioned that fault codes present would need to be investigated further to ascertain the root cause of those faults, although the inspector listed them not relevant.

As BMF didn't uphold Mrs O's complaint, she brought it to this service where it was passed to one of our investigators. The investigator upheld the complaint. They explained there was enough information to persuade them the car was not of satisfactory quality when it was supplied, particularly in relation to its durability. The investigator explained that BMF should be liable for the cost of repairing the vehicle as well as refunding some payments and costs.

Mrs O agreed with the outcome, however BMF disagreed. BMF explained that there is no evidence of a fault present or developing at the point of sale, the independent report states *this and BMF didn't think the repairer that looked at the vehicle and provided comments was independent. In further comments BMF also stated the vehicle could've been tampered with at any point and also offered to arrange another independent inspection. Ultimately Mrs O wasn't comfortable with another inspection with the company BMF would use and so this inspection did not take place. As there was no agreement, the complaint has been passed to me to review and to make a decision.*

I sent Mrs O and BMF my provisional decision on 31 July 2025. I explained why I thought the complaint should be upheld. The key parts of my provisional findings are copied below:

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 read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

Mrs O acquired a car under a hire purchase agreement. Entering into consumer credit contracts like this is a regulated activity, so I'm satisfied we can consider Mrs O's complaint about BMF. BMF is also the supplier of the goods under this type of agreement meaning they are responsible for a complaint about the supply of the car and its quality.

The Consumer Rights Act 2015 (CRA) is relevant in this case. It says that under a contract to supply goods, there is an implied term that "the quality of the goods is satisfactory, fit for purpose and as described". To be considered as satisfactory, the CRA says the goods need to meet the standard that a reasonable person would consider satisfactory, considering any description of the goods, the price and all the other relevant circumstances. The CRA also explains that the durability of goods is an indicator of satisfactory quality.

So, it seems likely that in a case involving a car, the other relevant circumstances a court would consider might include things like the age and mileage at the time of sale and the vehicle's history.

In this case, Mrs O acquired a car that was around eight and a half years old and had travelled around 38,368 miles. As this was a used car with this mileage and age, it's reasonable to expect parts may already have suffered more wear and tear when compared to a brand-new car or one that is less travelled. There's a greater risk this car might need repair and/or maintenance sooner than a car which wasn't as road-worn.

I've reviewed the available evidence about the issues Mrs O experienced with the car. Based on what I've seen, I'm satisfied that there was a fault with the car. I say this because neither BMF nor Mrs O dispute the car has a fault with the engine that requires repairing or replacing. I've also seen an independent report commenting on faults alongside the report from the repairer the car was recovered to diagnosing the fault.

Having considered the car had a fault, I've considered whether it was of satisfactory quality at the time of supply.

The report from the repairer the car was recovered to diagnoses the fault, and what is needed to repair it. I have no reason to doubt what the repairer says is necessary. This does not, however explain whether the fault would have been present or developing at the point of *sale.*

The independent report does state that the fault would not have been present or developing at the point of sale or it would have happened much sooner. The inspector noted in the report that Mrs O was able to travel around 7,227 miles in just over six months since purchasing the vehicle.

The report does mention a number of other fault codes, and I have seen images taken to confirm these. The repairer also later added that he'd had a conversation with the inspector about a fault code relating to a potential discrepancy in the odometer reading on the instrument cluster, that the service reminder system had been deactivated and that the car was overdue for a service.

These are all relevant factors to consider, and I acknowledge why the independent inspector thought that the fault wasn't present or developing at the point of sale, as they'd have expected it to present itself sooner had this been the case. However, all of the information I have available persuades me that the car was not sufficiently durable, meaning it was not of satisfactory quality when it was supplied. I say this because the vehicle had only travelled around 45,595 miles when the fault occurred, meaning a replacement engine was needed. Taking into account the price, age and mileage factors of the vehicle, a reasonable person could expect to be able to drive this car without encountering a fault of this nature meaning the engine needed to be replaced after the mileage it has travelled.

I am persuaded of this due to the nature of the fault with the oil pressure failure and the damage the independent inspector listed in their report such as the big end bearings becoming detached and being evident in the oil pickup strainer after disintegrating and becoming detached with potential causes of this being a lack of lubrication, contaminated oil or overloading. The lack of evidenced vehicle maintenance pre-sale may well have contributed to the failure and damaging happening sooner than a reasonable person may expect.

I also say this because from the service history available, it appears the last service took place in July 2020, around three and a half years before Mrs O purchased the vehicle. Without proper servicing, parts can be at premature risk of failure and a reasonable person might expect that this could have had an effect on Mrs O's vehicle. This adds to the picture that the car was not sufficiently durable as it does not appear to have been sufficiently maintained before she purchased it.

There appears to be an issue with the vehicle's oil pressure warning system as confirmed by the repairer. Again this may well have contributed to the fault encountered by Mrs O, and also adds to the picture that the car was not sufficiently durable when it was supplied.

Alongside this, there are questions over a number of fault codes appearing that required further investigation. There is some concern by the repairer over how these were obtained and wiped by the independent inspector. I can't say why these codes were removed, and I certainly can't say that these were potentially maliciously altered as the repairer has mentioned, however the presence of a number of concerning codes such as a potential mileage discrepancy, alongside the service and oil pressure warning lamps not illuminating again continue to give a picture of a vehicle that is not sufficiently durable. I acknowledge BMF's point around not being able to pinpoint of there had been any tampering and when this took place and I agree, but I also consider the number of issues on a vehicle that has covered around 45,595 miles show the car was not sufficiently durable when everything is considered together. Again I acknowledge BMF's point around evidence being required to show there was a fault present or developing at the point of sale, and in this case, it is that the available evidence persuades me the vehicle was not sufficiently durable when it was *supplied.*

I invited both parties to make any further comments. Mrs O responded to accept the provisional decision and supplied information about costs included in the decision. BMF did not respond to the provisional decision. Now both parties have had an opportunity to comment, I can go ahead with my final decision.

Mrs O explained that she's incurred two diagnostic costs in relation to identifying and evidencing the fault. In my provisional decision I explained that evidenced costs for reports should be reimbursed. As long as evidence is supplied of the cost and that any diagnostic costs were identifying the fault making the vehicle of unsatisfactory quality, they should be included in the redress.

As none of the information supplied changes my decision, the reasons why I'm persuaded the vehicle was not of satisfactory quality or the method of redress BMF should carry out, I see no reason to depart from my provisional findings above. It then follows that the method of what BMF should do to put things right has also not changed.

Putting things right

As I've concluded that the car was not of satisfactory quality when it was supplied, I think it's reasonable that BMF should put things right.

In this case, I disagree with the investigator that a repair is a fair outcome. I say this because to replace the engine, and fix potential other issues with the vehicle that may have made it of unsatisfactory quality, may not be economically viable in this instance. The vehicle has also remained out of use since July 2024, meaning other issues may well have now developed.

It is fair in this case for BMF to end the agreement with nothing further to pay in relation to the monthly payments.

BMF should also arrange to collect the vehicle at no cost to Mrs O. BMF should repay Mrs O's monthly payments made whilst she has been unable to use the vehicle, from 25 July 2024 onwards to the date of settlement or the last payment made by Mrs O. As Mrs O was able to use the vehicle before the fault made it unusable, it is fair that Mrs O pays for her use of it. BMF should refund the deposit value taken by way of part exchange to Mrs O. BMF is entitled to keep any part of the deposit made up of dealer contributions if applicable. Alongside this, BMF should also refund the evidenced costs of inspection and diagnostic reports paid by Mrs O in relation to the faults, as these were incurred due to being supplied with a car of unsatisfactory quality.

I agree with the investigator that BMF should pay Mrs O £300 for the distress and inconvenience this will have caused, as Mrs O has been without her vehicle for a significant amount of time, and she will have had to manage without this whilst trying to have the situation resolved. This will likely have meant incurring inconvenience in arranging for reports and investigations into the issues and what has happened alongside this.

BMF should also arrange to remove any adverse information on Mrs O's credit file about the agreement if applicable.

My final decision

For the reasons explained, I intend to uphold Mrs O's complaint and instruct Blue Motor Finance Ltd to do the following:

- End the agreement and collect the vehicle as outlined above.
- Refund some monthly payments as outlined above.
- Refund Mrs O's deposit payment as explained above.
- Reimburse evidenced costs for reports as outlined above.
- Pay 8% simple yearly interest* on the above, to be calculated from when Mrs O made the payments to the date of the settlement.
- Pay Mrs O £300 for the distress and inconvenience caused.
- Remove any adverse information recorded on Mrs O's credit file in relation to the agreement if applicable.

*HM Revenue & Customs requires Blue Motor Finance Ltd to deduct tax from the interest amount. Blue Motor Finance Ltd should give Mrs O a certificate showing how much tax it has deducted If she asks for one. Mrs O can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs O to accept or reject my decision before 19 September 2025.

Jack Evans
Ombudsman