

The complaint

Mrs K is unhappy with the quality of a car financed using a hire purchase agreement by MotoNovo Finance Limited.

What happened

In November 2024 Mrs K entered into a hire purchase agreement with MotoNovo Finance Limited for a used car. The car was around five years old and had been driven for 31,000 miles. The cash price was £58,084.

Shortly after she acquired the car, Mrs K noticed issues with it. These issues included suspension arm bushings, oil leaks in the engine pan, an oil leak from the front differential and incorrectly installed brakes.

She took the car back to the dealership who looked into the issues and said they couldn't find any faults but replaced the brake pads.

In February 2025, after Mrs K still had concerns, an independent report was organised by MotoNovo. The report said that there was a juddering when the car turned fully to the right, an oil leak in the engine area, and two fault codes were present. It concluded there was suspected issues with the front suspension or front differential and further investigation was required. They said the issues would've been present at the point of sale. MotoNovo issued a final response letter offering to repair the car, reimburse Mrs K for any diagnostic reports she paid for, and offered to pay £250 for the distress and inconvenience she had experienced.

Mrs K said she didn't think this was right as the dealership had already had the opportunity to carry out repairs. And so, she felt she should be able to reject her car.

As an agreement couldn't be reached, Mrs K brought her complaint to our service. An investigator looked into things, and said he thought Mrs K should be allowed to reject the car as there had already been an opportunity for repairs.

Motonovo disagreed and requested an Ombudsman's decision, so the case has been passed to me to review.

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.

Mrs K acquired her car using a hire purchase agreement and so The Consumer Rights Act 2015 ("CRA") is a relevant legislation for this complaint. The CRA sets out expectations and requirements around the quality of goods supplied. In summary, goods should be of satisfactory quality. Section 9 of the CRA says that goods are of satisfactory quality if they meet the standard that a reasonable person would consider satisfactory. When considering the quality of a car, the age, mileage and price are things that need to be taken into account.

If the issues with a car are found to be because it was of unsatisfactory quality, then the CRA allows one opportunity for repairs before a car can be rejected.

MotoNovo has already agreed that repairs need to be carried out on the car. They haven't disputed that the car was unsatisfactory quality, and so I've focused on whether they've done enough to put things right under the CRA.

I've considered that the issues Mrs K reported to the dealership were the same as what the independent report investigated. MotoNovo has said that they haven't had the initial opportunity for repairs because the dealership only replaced the brake pads. I disagree. The same problems outlined as part of the independent inspection were reported to the dealership. They had the opportunity to repair and investigate these issues when they took the car back. While I appreciate the dealership said they couldn't find any faults, it is agreed the faults were present at the point of sale, so it follows they also would have existed when the dealership carried out their inspection.

For these reasons, I think the dealership had an opportunity to repair the car but failed to do so. And so, under the CRA, the remedy in these circumstances is that Mrs K can reject her car.

In rejecting the car, MotoNovo should unwind the agreement so Mrs K has nothing further to pay and collect the car at no further cost to her. As part of this, they should remove any adverse information from the details held with the credit reference agencies.

MotoNovo should also refund Mrs K's deposit amount of £50,000. And subject to Mrs K providing proof of payment, they should also refund her the amount she paid for the diagnostic fee when she originally reported the issues.

MotoNovo should pay 8% simple interest on these amounts from the date Mrs K paid them to the settlement of this complaint. This is because Mrs K has been without use of these funds.

Mrs K has said she hasn't been able to use her car because of concerns over safety. I've noted that the independent inspection report says the car is in a drivable and roadworthy condition. The car had also been driven around 4,000 miles by the time the independent report in February was carried out. I therefore don't think it is appropriate that MotoNovo refund any of Mrs K's finance payments as she had use of the car.

MotoNovo has already offered £250 to acknowledge the distress and inconvenience Mrs K has had. I can see that what has happened has been frustrating for her. She has also had the stress of having to take her car for a diagnostic and two inspections. Bearing all this in mind, I think the £250 acknowledges the distress and inconvenience she has experienced.

Putting things right

My final decision is that I uphold this complaint and ask MotoNovo Finance Limited to:

1. Unwind the agreement so Mrs K has nothing further to pay;
2. Collect the car at no extra cost to Mrs K;
3. Reimburse Mrs K the deposit amount of £50,000;
4. If they haven't already done so, reimburse Mrs K the money she paid for the diagnostic, subject to proof of payment being provided;
5. Add interest at a rate of 8% a year simple to parts three and four of this settlement from the dates they were paid, to the date of settlement of this complaint.*
6. If they haven't already done so, pay Mrs K £250 for the distress and inconvenience

- she has experienced; and
7. Remove any adverse information which has been recorded with the credit reference agencies

*MotoNovo must pay these amounts within 28 days of the date on which we tell them Mrs K accepts my final decision. If they pay later than this, they must also pay interest on the settlement amount from the date of final decision to the date of payment at 8% a year simple.

My final decision

My final decision is that I uphold this complaint for the reasons set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K to accept or reject my decision before 10 October 2025.

Ami Bains
Ombudsman