Financial Ombudsman Service

The complaint

Mr A complains about the quality of a car he acquired through a conditional sale agreement financed by Close Brothers Limited trading as Close Brothers Motor Finance (CB).

What happened

In January 2024 Mr A acquired a used car through a conditional sale agreement. The car was just over three years old, and it had travelled around 55,000 miles at the time of supply.

There were repairs to the multimedia interface (MMI) before Mr A collected the car in early February 2024. Mr A said that he began to experience electrical problems with the car very shortly after collection.

In March 2024 the car displayed errors relating to the electrical and cruise control systems and the car lost power on the motorway. The car was serviced with no faults found.

In late March 2024 Mr A experienced intermittent error messages relating to the gearbox. The faults were investigated in May 2024 and faults relating to the engine management light (EML) and the gearbox were confirmed. These were repaired. The car had travelled around 71,000 miles at the time of this repair.

Mr A said he continued to experience issues with the car and didn't think adequate repairs had been completed. In June 2024 the car was serviced and the faults investigated. The car had travelled around 79,000 miles. There were no faults found in relation to the gearbox or cruise control. A repair was completed to rectify faults with the MMI, and Mr A was asked to pay for a software updated that was required. Mr A was charged £25 for the inspection of the faults.

In June 2024 Mr A complained to CB about the quality of the car. He said he still didn't think adequate repairs had been carried out and he asked to reject the car. Mr A said he'd experienced faults with an electrical failure causing loss of power when driving, wiring issues, MMI going blank, cruise control failure, one mirror not opening when locking/unlocking the car, EML on the dashboard and a gearbox malfunction warning multiple times when driving the car.

The dealership told CB that no faults had been found, and the only outstanding repair was a software update, which they offered to complete.

Mr A stopped making his monthly payments for the car in July 2024, and said he purchased a new car shortly after this as he needed something reliable.

CB asked Mr A for a quote to repair any outstanding faults, and when they didn't receive one, they issued their final response to Mr A's complaint in September 2024. They said the dealership believed repairs to have resolved the faults, and as Mr A hadn't provided the requested quote for any repairs that might still be needed, they couldn't help him any further.

In November 2024 Mr A complained to CB and asked to reject the car. He said he'd needed to buy another car that was more reliable.

Unhappy with no substantive response from CB, Mr A brought his complaint to us for investigation. He said he'd like to end the agreement and receive a refund for the payments he'd made whilst he couldn't drive the car, along with a refund of tax and insurance payments, and compensation for distress and inconvenience.

Our investigator initially gave their view that there had been an outstanding cruise control fault since March 2024, and they thought that this alongside the repairs to the MMI, gearbox fault and EML made the car of unsatisfactory quality at the time it was supplied to Mr A, and so they thought that Mr A should be allowed his final right to reject the car.

CB responded to our investigators view to say that the car had travelled around 22,000 miles before the cruise control error message was first reported, so they didn't think it made the car of unsatisfactory quality, and in any event, a repair had been offered in the form of a software update. They said there was no evidence of an outstanding fault with the car when it was investigated in mid-2024, and when the agreement was terminated and the car collected, it had travelled around 90,000 miles, so it had continued to be used and there were no faults found at collection.

Our investigator gave their view that this additional evidence changed how they thought Mr A's complaint should be resolved. They thought there was no evidence of an ongoing fault, and so Mr A couldn't reject the car. They said that Mr A had impaired use of the car due to the faults that were repaired, and CB should refund 10% of the payments made by Mr A between 16 January 2024 and 24 June 2024 when the last confirmed fault was repaired plus interest. They asked CB to refund Mr A £25 for a diagnostic report plus interest, and to pay him £300 compensation for the distress and inconvenience caused.

CB accepted our investigators recommendations, but Mr A didn't reply, and so the case has been passed to me for a final decision.

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.

In considering what's fair and reasonable, I need to have regard to the relevant law and regulations. The agreement in this case is a regulated conditional sale agreement – so we can consider a complaint relating to it. CB as the supplier of the goods under this type of agreement is responsible for a complaint about their quality.

The Consumer Rights Act 2015 (CRA) is relevant to this complaint. It says that under a contract to supply goods, there is an implied term that the "quality of the goods is satisfactory"

To be considered "satisfactory" the goods would need to meet the standard that a reasonable person would consider satisfactory – taking into account any description of the goods, the price and other relevant factors. Those factors, in the case of a car purchase, will include things like the age and mileage of the car at the time of sale, and the car's history. The quality of the goods includes their general condition and other things like their fitness for purpose, appearance and finish, safety and durability.

Here the car was acquired used with a cash price of around £23,000. It was just over three years old and had travelled around 55,000 miles at the time of supply.

When a person acquires a used car like Mr A's it's reasonable to say that the expectation of quality is lower than that of a new or lower mileage second-hand car. The price for the vehicle is lower, and this is reflective of the fact that the car is more road-worn. The chance of encountering an issue sooner, is higher.

I've seen evidence of faults with Mr A's vehicle to both the MMI and gearbox that required him to take it for repairs on a number of occasions. The gearbox fault caused Mr A some significant distress as there was a loss of power when he was driving the car. I'm satisfied that given the age and mileage of the car, a reasonable person wouldn't expect a fault of such a serious nature to occur, and so I'm satisfied that this made the car of unsatisfactory quality when it was supplied to Mr A.

I'm satisfied, based on the evidence, that these faults have been repaired and the car was returned to a satisfactory condition.

Mr A said there were ongoing faults and that there had been a fault with the cruise control for some time. I've seen evidence of an error message on the dashboard in relation to the cruise control, but this doesn't mean that there was a fault that made the car of unsatisfactory quality. I haven't seen any evidence that this fault was ongoing, or that a software update as offered by CB wouldn't have resolved any warning messages here. I've seen evidence that there was no cruise control warning on the dashboard when the car was collected from Mr A, and he'd been able to travel some 40,000 miles in the vehicle. So, overall, I'm not persuaded that there was an ongoing fault with the vehicle that made it of unsatisfactory quality at the time it was supplied to Mr A.

I haven't seen any evidence of any other faults with the vehicle that made it of unsatisfactory quality at the time it was supplied to Mr A, and so I'm satisfied that he doesn't have a right to reject the car.

Putting things right

Our investigator recommended that CB refund some of Mr A's payments due to impaired use. CB said Mr A had significant use of the car according to the mileage covered, and so they didn't think a refund of payments was fair.

Mr A did encounter some serious faults with the car in respect of the gearbox, which required him to stop it safely when it lost power on the motorway, and he's described how this affected his confidence in driving the car. I am satisfied that Mr A had some impaired use because of these faults and so CB should refund Mr A 10% of his monthly payments for the time these faults were outstanding, between 16 January 2024 when faults were first reported, and 24 June 2024 when the last confirmed fault was repaired, plus interest.

I've seen evidence that Mr A paid £25 for a report which confirmed the gearbox fault with the vehicle. As I'm satisfied that this fault made the car of unsatisfactory quality, CB should refund Mr A for this report plus interest.

Mr A has been put to distress and inconvenience in being supplied with a car that wasn't of satisfactory quality. He's had to spend time having the faults diagnosed and repaired. Our investigator recommended that CB pay Mr A £300 compensation to reflect this. All things considered, I think £300 fairly reflects the distress and inconvenience caused to Mr A.

My final decision

My final decision is that I uphold this complaint, and Close Brothers Limited trading as Close Brothers Motor Finance must:

- Refund 10% of Mr A's payments made between 16 January 2024 and 24 June 2024, plus 8% simple yearly interest from the date of payment to the date of settlement.
- Refund Mr A £25 for the diagnostic report, plus 8% simple yearly interest from the date of payment to the date of settlement.
- Pay Mr A £300 compensation to reflect the distress and inconvenience caused.

If CB considers that it's required by HM Revenue & Customs to withhold income tax from the interest part of my award, it should tell Mr A how much it's taken off. It should also give Mr A a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 18 September 2025.

Zoe Merriman
Ombudsman