

The complaint

Mr A complains that a car acquired under a hire purchase agreement with Toyota Financial Services (UK) PLC ("TFS") wasn't of satisfactory quality at the point of supply. He also believes it was misrepresented to him.

What happened

Both parties are familiar with the background of this complaint so I will only summarise what happened briefly here.

In July 2024, Mr A entered into an agreement to acquire a used car from a dealership (Y). He paid a £2,000 deposit for the car, with the balance being provided under a hire purchase agreement with TFS. The car was eight years old and had covered approximately 8,900 miles when the agreement started. The agreement was for 48 months, with monthly repayments of £330.53, and the cash price of the car was £15,499.

A week or so after taking delivery of the car Mr A got in touch with Y. He said the interior light wasn't working. It didn't come on when the doors were opened. At that point, Mr A also told Y that he felt one of the rear lights was water-damaged, and the front bumper was misaligned, which suggested the car had been in an accident previously. Y accepted responsibility for the interior light and offered to pay for the repair costs. But they told Mr A the car hadn't been in an accident previously, and the rear light had a minor mark, not water damage, which was as a result of wear and tear due to the age of the car.

Mr A wasn't happy about this and initially wanted a price reduction, but then told Y he wanted to reject the car. He took his complaint to TFS. He said the car was unsatisfactory and had also been mis-sold to him as he felt it had previously been in an accident. TFS responded and said they wouldn't accept rejection of the car as the interior light was being repaired, and Y had confirmed to TFS that the car hadn't been in a previous accident. They did offer Mr A £50 compensation for the interior light not working at the point of sale.

Mr A didn't accept and brought his complaint to our service. Our investigator didn't uphold it. She said she wasn't persuaded the fault with the interior light made the car of unsatisfactory quality, and it had also been repaired at no cost to Mr A. She didn't think the car had been misrepresented (mis-sold) to Mr A as she didn't think she'd been provided with sufficient evidence to prove it. She said TFS didn't need to do anything further.

Mr A didn't agree. He said his rights gave him 30 days to reject the car, and he'd told Y within 30 days that he didn't want it. He felt he should still be able to reject the car.

As Mr A didn't accept, the complaint was passed to me to decide. I issued a provisional decision on 29 July 2025. It said:

'I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.'

When considered what is fair and reasonable, I'm required to take into account: relevant law

and regulations, relevant regulatory rules, guidance and standards and codes of practice.

The fact the car was supplied to Mr A under a hire purchase agreement means that the credit provider, TFS in this case, has responsibility for things that were said or done by Y prior to Mr A's entry into the agreement.

I think it's worth starting by explaining that I'm only looking at TFS's responsibility here as the finance provider for the car. Mr A has raised concerns about Y and has been engaged in a lot of conversation with them post-sale – but at that time Y weren't acting as agents of TFS, and TFS can't be held responsible for anything Y have said or done post-sale.

As the hire purchase agreement is a regulated consumer credit agreement this service is able to consider complaints relating to it.

All parties in this complaint, including our investigator, have referred to the Consumer Rights Act 2015 (CRA) as the relevant legislation in this case. However, I'm not persuaded that's right here as I don't think Mr A meets the definition of a consumer.

He has confirmed that he has had a meter fitted to the car, and either him or his business partner have been using the car for private hire. To be considered a consumer, Mr A must be acting primarily outside of his trade or profession. And I'm satisfied it's clear here that he wasn't. I'm more satisfied than not that the agreement was entered into to allow Mr A to use the car for his business.

As such I consider this as more of a business-to-business agreement, and the Supply of Goods (Implied Terms) Act 1973 ("the Act") is more relevant. There are relevant implied terms that apply here in respect of the requirement to supply goods of 'satisfactory quality.' But it might have implications when I consider other statutory consumer protection might not be applicable to Mr A.

When Mr A acquired the car in July 2024 the mileage was around 8,900 and the cash price was around £15,500. The car was first registered in 2016 so by this stage it was around eight years old. The mileage at supply was low considering its age, but it wouldn't be unreasonable to expect the car to be showing some signs of wear and tear, and that might include the bodywork and underlying components. There would be quite different expectations of it compared to a brand-new car. The price paid usually reflects the age and condition of the car, but it would still need to be of satisfactory quality.

It can be argued that the interior light not working from the point of supply would deem the car to be of unsatisfactory quality. But it doesn't mean that Mr A should be able to reject the car. Importantly, the Act differs from the CRA in that the remedies aren't specifically set out as they are in the CRA – one of which is what Mr A has relied upon to suggest he should have been able to reject the car. It does allow rejection of the goods to take place – but not if the breach is so slight that it would be unreasonable for rejection to be agreed. And I think that's the case here - whilst the interior light not working could be an inconvenience I don't think it has impacted Mr A's use of the car, and I would consider it to be a slight breach, if any at all. So, it follows that I'm not persuaded rejecting the car was a suitable remedy.

Further, the Act allows for a chance to repair the fault and that has happened. Y have agreed to cover the cost of repairing the interior light, and I haven't seen anything to suggest that the repair that took place has failed. So, I'm satisfied the repair has brought the contract back into conformity.

I've mentioned above that I think it would be expected for the car to have some signs of wear and tear, due to its age. And the photos I've seen of the bumper lead me to believe any

cosmetic damage or marks are as a result of wear and tear. I'm not persuaded they would make the car of unsatisfactory quality when I consider the age of the car in this case..

Mr A has also explained that he wanted to reject the car because of the damage to the front bumper, and because he feels the car was misrepresented to him by Y, as he feels it's been in a previous accident.

In order for me to decide if I'm persuaded the car was misrepresented to Mr A, I need to answer two questions:

- Has a false statement of fact been made? And*
- Has this false statement induced Mr A to acquire the car?*

It's only if I can answer 'yes' to both questions that I can decide the car was misrepresented at the point of supply. And in Mr A's case, I'm not persuaded I can answer 'yes' to the first question. That means that I'm not planning to say the car was misrepresented to him at the point of supply. I'll explain why.

False statement of fact

Mr A has sent in correspondence between him and Y from after the car had been supplied. And in that he says that he believes the car has been in an accident previously, leading to the damage to the bumper. However, as I've mentioned earlier in this decision, TFS are only responsible for anything Y said or did prior to the agreement starting. All the correspondence and evidence I've seen between Mr A and Y is dated after the agreement started – and Mr A has accepted in that correspondence that he didn't notice any issue with the bumper until he'd taken the car away and was having the meter fitted.

I haven't seen any evidence to suggest Mr A asked Y prior to entering the agreement if the car had been in an accident previously, or that Y confirmed it hadn't been. So, I can't conclude that a false statement of fact has been made by Y here, which TFS are liable for.

As I can't answer 'yes' to the first question, I haven't considered the second question.

Mr A has mentioned to our investigator that he has a diagnostic report on the car which confirms a previous accident – although he hasn't provided that to us or to TFS. However, I'm not persuaded it would confirm the car had been misrepresented to him. I would need conclusive evidence that Mr A asked Y the question and received an answer from Y confirming the car had been in an accident, prior to him taking delivery of it, for me to consider misrepresentation. As Y have continued to say the car hasn't been in accident, and I'm only considering TFS's responsibility here as the finance provider, I'm not persuaded Mr A will be able to prove misrepresentation has taken place.

I know this decision will come as a disappointment to Mr A. TFS have previously offered him £50 to reflect the inconvenience the interior light not working might have had. I'm minded to say that's a fair resolution in the circumstances of this complaint.

I'd like to remind Mr A that he's free to reject my decision if he feels he can achieve a better outcome through alternative means, such as the courts.'

Mr A responded. He didn't agree with the provisional decision, but he didn't provide any new information. The information he did provide had already been considered by me in my review of his complaint, including his belief that he should have been able to reject the car within the first 30 days.

TFS also responded. They said Mr A hadn't accepted their offer of £50 compensation, but they were still happy to pay it to him.

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 see no reason to depart from the findings of my provisional decision. My provisional decision explains why I'm satisfied the repair to the interior light has brought the car back into conformity with the contract, and I explained why I didn't agree that Mr A could reject the car. I also explained why I was satisfied that no misrepresentation had taken place. I'm not going to reiterate what has been said in the provisional decision.

My final decision is that TFS made a fair offer to Mr A and that should now be paid.

My final decision

Toyota Financial Services (UK) PLC have already made an offer to pay £50 to settle the complaint. This offer is fair in the circumstances.

My decision is that Toyota Financial Services (UK) PLC should pay Mr A £50.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 10 September 2025.

Kevin Parmenter
Ombudsman