DRN-5748693

The complaint

Miss E complains about problems she has had with a car Go Car Credit Limited supplied to her under a hire purchase agreement.

What happened

The facts of this case are familiar to both sides. Therefore, I do not intend to set out everything that has happened in detail. Instead, I'll provide a summary.

Miss E entered into a hire purchase agreement with Go Car Credit in July 2024 to purchase a used car. The cash price of the car was £10,849. The total amount due under the agreement, including interest and charges, was £20,459.20 to be repaid through 57 monthly instalments of £347.40[1], with a final repayment of £357.40 (including an Option to Purchase Fee of £10).

In the weeks and months that followed, Miss E experienced problems with the vehicle - including the engine management light illuminating. Miss E firstly engaged with the supplying dealership and then Go Car Credit about this matter. And, despite attempted repairs, the problems persisted.

As the situation remained unresolved, Miss E initially contacted our service in January 2025. At this time, Miss E was still engaging with the supplying dealership and Go Car Credit about this matter. An inspection of the vehicle was arranged for 12 March 2025. This inspection found faults with the parking button microswitch and an engine oil leak.

Around this time, Miss E asked to reject the car. And, following a further inspection, the supplying dealership agreed to a rejection. In doing so, it refunded Miss E's her £300 deposit and advised that Go Car Credit would reimburse her for "any and all payments made to the finance company".

Go Car Credit contacted Miss E on 3 April 2025 and offered a payment of £500. Miss E accepted this on the basis that she would go back to the supplying dealership to seek further compensation.

A week or so later, on discovering the supplying dealership had refunded everything back to Go Car Credit, Miss E contacted our service to pursue the complaint. She did so primarily because she felt she should be entitled to a full refund of her payments from Go Car Credit.

One of our investigators looked into the complaint and, in June 2025, issued their opinion in which they upheld the complaint. In doing so, she recommended Go Car Credit:

- *End the agreement with nothing further to pay; and*

[1] The hire-purchase agreement states an administration fee of £295 *has been spread across all payments.*

- *Refund Miss E one monthly payment for the period from 8 August 2024 until 28 August 2024, and from 12 March 2025 to the date of settlement as Miss E stopped using the car at this point; and*

- *Pay 8% simple yearly interest on all refunded amounts from the date of payment until the date of settlement (including the deposit, refunded by the dealership); and*

- *Pay a further amount of £300 for any distress or inconvenience that's been caused due to the faulty goods; and*

- *Go Car Credit may deduct the £500 they have already paid to Miss E from the total redress recommended; and*

- *Remove any adverse information from the customer's credit file in relation to the agreement.*

Go Car Credit accepted our investigators recommendation.

After receiving the redress calculation from Go Car Credit (via our investigator), Miss E did not agree. In doing so, Miss E said *the money was all refunded to* [Go Car Credit] *so I want everything back.* Miss E added *it states in the contract with Go Car Credit that if anything was wrong all the money should be reimbursed and I have the manager on my side from the supplying dealership who agreed that all the money should be returned to* [her].

As an agreement couldn't be reached, the case has been passed to me to decide.

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 agree with the outcome reached by our investigator – and for the same reasons. Indeed, there is little more I can usefully add to what our investigator said. Nonetheless, I'll explain why I think this is a fair outcome in the circumstances.

However, before I do, I would like to make it clear that I might not comment on everything that has been said and provided in relation to this complaint (only what I consider key). This is not meant as a discourtesy to either party – it reflects my role resolving disputes with minimum formality.

In considering what is fair and reasonable, I need to have regard to the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider to have been good industry practice at the relevant time.

The agreement in this case is a regulated consumer credit agreement. As such, this service is able to consider complaints relating to it. Go Car Credit is also the supplier of the goods under this type of agreement, and responsible for a complaint about their quality.

The Consumer Rights Act 2015 is of particular relevance 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".

However, in this case, I note that Go Car Credit accepts the car was not of satisfactory quality and agreed to take it back. Therefore, I do not need to consider this again. However, Miss E has not agreed with the redress proposals made to date. Therefore, within this decision, I will confine myself to considering what would be fair redress in the circumstances with the relevant law in mind.

My starting point is that Go Car Credit should collect the car at no cost to Miss E, if it has not done so already. It should also end her hire purchase agreement without any adverse footprint on her credit file. These elements of the proposed redress are not in dispute.

It is clear from Miss E submissions to this service that she feels strongly she is entitled to a full refund of all payments made towards the agreement. In doing so, Miss E has pointed out that the supplying dealership refunded all the money back to Go Car Credit, so she should be refunded everything you have paid.

However, irrespective of what the supplying dealership told Miss E, I do not consider a full refund of monthly repayments to be fair in any event. Miss E has been using the car and covered about 8,000 miles in it. The Consumer Rights Act 2015 section 24(8) says:

> *If the consumer exercises the final right to reject, any refund to the consumer may be reduced by a deduction for use, to take account of the use the consumer has had of the goods in the period since they were delivered.*

Thinking about this, under the Consumer Rights Act 2015 Miss E doesn’t have the right to a full refund. Nor do I think it would be fair for her to have had free use of the car. So, I consider it fair Go Car Credit is able to retain the monthly rentals for the period Miss E has been using the car. However, Miss E will be entitled to a refund for the time she has not been using the car. And, if applicable, she should get back an amount to reflect the time she has been using the car but with impaired use due to the various faults.

As our investigator noted, Miss E was unable to use the car for the majority of August 2024 because it was in for repairs. It is fair that Miss E is refunded one monthly payment to recognise this loss of use. Further, Miss E has not had use of the car from early March 2025 onwards. So, monthly payments made (if any) from March 2025 onwards should also be returned to her.

Miss E was also without the car from 21 October 2024 and 10 December 2024 whilst it was with the supplying dealership. However, it is my understanding that Miss E had use of a courtesy car at no extra cost for this time. I understand the courtesy car was not an automatic and, therefore, Miss E says she couldn’t drive it due to the nature of her driving licence. Miss E has said that she has had to use taxis and rental cars during this period.

But, as I understand it, Miss E accepted the courtesy car and her partner had the benefit of its use. With all of that being the case, I don’t think Go Car Credit need to return the monthly repayments Miss E made during this period. And, even if I were to agree the courtesy car was not sufficient and she had to use alternative transport during this time, I would only direct Go Car Credit to reimburse Miss E for evidenced losses. Our service has not been provided with any receipts or invoices evidencing the costs Miss E says she incurred during this period. With that being the case, I don’t think Go Car Credit need to do anything further in this regard.

Miss E has provided a receipt showing she made a payment of £249.97 for a rental car from 28 September 2024 until 5 October 2024. As our investigator noted, the timeline appears to suggest Miss E had possession of the vehicle at this time and had declined an appointment with the garage (to effect repairs) on 24 September 2024. With that being the case, I don't think it would be fair to ask Go Car Credit to refund this cost.

Miss E has also provided evidence of rental car reservations in March 2025 and April 2025. But these documents don't evidence the costs Miss E incurred. Therefore, I don't intend to direct Go Car Credit to reimburse Miss E in this regard. What's more, it appears some of these reservations were made after Go Car Credit had agreed to the rejection of the vehicle. So, even if our service were provided with such evidence, I wouldn't direct Go Car Credit to reimburse those.

As I've said, Miss E was able to cover around 8,000 miles in this vehicle. I recognise a portion of this (Miss E suggests it was the majority) would be caused by journeys to and from the supplying dealership trying to deal with this matter – as well as by the mechanics whilst the car was in for repairs. But I've not been presented with persuasive evidence to show the majority of this mileage was caused by these factors. It seems equally plausible that a reasonable amount of this mileage occurred whilst the vehicle was in Miss E's possession.

Therefore, on balance and without evidence to the contrary, I think Miss E has had reasonable use of the vehicle since it was supplied to her. And, as I haven't been provided with persuasive evidence to suggest the problems Miss E had with the vehicle impaired her use of it during periods it was in her possession, I think it is fair for Go Car Credit to retain the rest of the full monthly repayments (save for August 2024 and March 2025 onwards).

Miss E has explained that this matter has caused her significant distress and inconvenience. I would like to thank Miss E for being open about the difficulties she has faced, particularly with regards to her mental health, which I imagine wasn't easy to do. I am sorry to hear about the impact this has had on Miss E.

Miss E has undoubtedly been put to the levels of frustration and stress than would reasonably be expected in day-to-day life and this has gone on for a notable period of time. This includes, but not limited to, travelling back and forth to the garage in respect of repairs and having to spend time repeatedly engaging with both the supplying dealership and Go Car Credit about recurring problems with the car.

However, in mitigation, I can see that there were some periods when Go Car Credit attempted to contact Miss E to gather more information to enable it to progress matters but were unable to get in touch.

This is not an exact science but looking at our scale of awards for distress and inconvenience (as shown on our website) I consider that an award of £300 is fair and reasonable here. I understand Miss E may be expecting a lot more than this – but I don't consider that in line with our approach to compensation awards in the circumstances here.

I understand this may come as a disappointment to Miss E but, for the reasons I've explained, I think it is fair way to resolve matters. If Miss E disagrees with my decision she does not have to accept it and, if she wishes, she can pursue her dispute through more formal avenues such as court (seeking appropriate legal advice as she sees fit).

I understand Go Car Credit has already paid Miss E £500 in respect of this complaint. With that being the case, Go Car Credit is entitled to deduct this figure from the redress I've set out below.

Putting things right

To settle the complaint, Go Car Credit should take the following steps (if it has not already done so) within 28 days of Miss E accepting this decision.

A) End the agreement with nothing further to pay; and

B) Collect the car at no further cost or inconvenience to Miss E; and

C) Refund one monthly payment to reflect Miss E's loss of use of the car in August 2024; and

D) Refund any monthly payments made (if any) from March 2025 to the date of settlement; and

E) Pay simple interest on points C and D at the rate of 8% a year from the date the payments were made to the date of settlement; and

F) I understand the deposit itself has already been refunded by the supplying dealership. However, Go Car Credit should pay simple interest at a rate of 8% a year on the deposit Miss E paid calculated from the date of payment until the date it was refunded; and

G) Pay £300 to reflect the distress and inconvenience that's been caused due to being provided with a car of unsatisfactory quality; and

H) Remove any adverse information about this agreement from Miss E's credit file; and

I) Go Car Credit can deduct the £500 they have already paid to Miss E from the total redress calculation (points C – G).

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

My final decision

My final decision is that I uphold this complaint and direct Go Car Credit to put things right in the way I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss E to accept or reject my decision before 26 September 2025.

Ross Phillips
Ombudsman