

The complaint

Mr Y complains that the car he acquired financed through a hire purchase agreement with Creation Consumer Finance Ltd wasn't of satisfactory quality.

What happened

In May 2023 Mr Y acquired a used car financed through a hire purchase agreement with Creation. In August Mr Y said the starter motor failed and was replaced under warranty. He said an oil leak was also visible. In December Mr Y had the car serviced and the brake discs and pads had to be replaced. Mr Y complained to Creation. He said that on 20 December 2023, during a routine service, he was informed the vehicle had a significant oil leak. He said this occurred only seven months after taking delivery of the vehicle, and no such fault was disclosed at the time of sale. He said based on the diagnosis of the garage, the oil leak was likely a long-standing issue that existed prior to or at the point of purchase. Mr Y said he paid to repair the car which he should never have been required to do had the vehicle been sold in a roadworthy condition.

Creation requested that Mr Y provide an independent inspection report to confirm if any faults were present or developing at the point of sale which Mr Y wasn't able to provide because he had already arranged for the car to be repaired. In its final response Creation did not uphold the complaint as there was no evidence of issues present or developing at the point of sale.

Mr Y didn't agree and brought his complaint to this service. He said the starter failure, excessive oil leak and unsafe brakes appeared within weeks of first use and are not consistent with fair wear and tear. He said the oil leak was clearly developing over time and service records from 2020 suggested known oil-related issues that were not disclosed at sale and never properly monitored.

Our investigator concluded that while there is evidence there was a fault(s) with the car Creation hadn't had the opportunity to investigate, inspect the car or repair it. Mr Y didn't agree and asked for a decision from an ombudsman. He made some additional comments to which I have responded below where appropriate.

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 realise this will come as a disappointment to Mr Y but having done so I won't be asking Creation to do anything further for the reasons I've outlined below.

I trust Mr Y won't take it as a discourtesy that I've condensed the complaint in the way that I have. Ours is an informal dispute resolution service, and I've concentrated on what I consider to be the crux of the complaint. Although I've read and considered the whole file, I'll keep my comments to what I think is relevant. If I don't comment on any specific point, it's not because I've not considered it but because I don't think I need to comment on it to reach

the right outcome.

In considering what is fair and reasonable I need to have regard to the relevant law and regulations, regulator's rules, guidance and standards, codes of practice and (where appropriate) what I consider having been good industry practice at the relevant time. Mr Y's hire purchase agreement is a regulated consumer agreement and as such this service can consider complaints relating to it.

Creation, as the supplier of the car, was responsible for ensuring it was of satisfactory quality when it was supplied to Mr Y. Whether or not it was of satisfactory quality at that time will depend on several factors, including the age and mileage of the car and the price that was paid for it. The car was about five years old, had been driven for 63,080 miles and had a price of £14,795. Satisfactory quality also covers durability which means that the components within the car must be durable and last a reasonable amount of time – but exactly how long that time is will depend on several factors.

If I am to decide the car wasn't of satisfactory quality I must be persuaded faults were present at the point of supply. Faults that developed afterwards are not relevant, moreover even if the faults reported were present at the point of supply this will not necessarily mean the car wasn't of satisfactory quality. This is because a second-hand car might be expected to have faults related to reasonable wear and tear.

I'm persuaded there was a fault with the car. I say this because Mr Y has provided copies of invoices for the supply and fit of a new starter motor and replacement of brake pads and discs. Mr Y has also provided evidence of an oil leak.

Brake Pads and Discs

Generally speaking the replacement of brake pads and discs are considered maintenance issues as they are subject to regular wear and tear. In May 2023 Mr Y's car passed its MOT with no advisories. Notable degradation of the brakes would be signalled by an advisory and there were none relating to the brakes at that time. The mileage recorded was 63,083. When Mr Y had the car serviced in December 2023 the mileage was 66,388. Mr Y had been able to drive approximately 3,300 miles so it's reasonable that the brakes would be subject to some wear and tear. So I'm not persuaded this caused the car to be of unsatisfactory quality.

Oil Leak

I've seen a copy of an invoice dated 8 August 2023 for supply and fit of a new starter motor. In the notes on the invoice it says, "*there is an excessive oil leak.*" There is no diagnosis of the reason for the leak nor any further investigation. Mr Y said he tried to have the oil leak addressed under warranty, but this was refused. The warranty company said it "*excluded Oil Seal, Gaskets, Bolts, Fixings, etc. Additionally, any component that is being replaced out of General Wear and Tear or Good Practice cannot be considered.*" Mr Y has told this service he did raise the issue with the dealership at the time but got nowhere. I'm not disputing Mr Y when he says he raised the issue with the dealership although it has denied this. But it appears Mr Y did not arrange for the oil leak to be investigated any further for some months.

In April 2024 the car had its MOT and there is an advisory noted – "*oil leak, but not excessive*". The mileage was 68,939. Mr Y went on to have the oil leak investigated and repaired in May 2024. So the evidence of the oil leak is conflicting as to how serious it was. Mr Y provided a copy of an invoice dated 7 July 2020 from before he acquired the car. The mileage at that time was 33,547. The invoice relates to an oil leak. He believes this indicates a pre-existing problem. I understand why Mr Y might draw that conclusion, but I've seen no

evidence that this is the case, and the following MOT did not record any oil leak.

When Mr Y raised the complaint with Creation he had already had the oil leak repaired so Creation wasn't able to do its own investigation or inspection of the vehicle to establish whether a fault existed and whether it was present or developing at the point of sale. It also wasn't able to repair any fault that it may have been responsible for, as is its right.

Mr Y has said any fault identified within six months of purchase is legally presumed to have been present or developing at the time of sale unless the seller can prove otherwise. He said given that the fault was identified by a qualified mechanic within this period, a third-party inspection is not legally required to validate his claim. The issue identified was an oil leak. But the mechanic hasn't provided a diagnosis of what the actual fault was, by this I mean why there was an oil leak, the likely cause of it or whether it was present or developing at the point of sale and not as a result of reasonable wear and tear.

When Mr Y eventually had the oil leak seen to in May 2024 the car required replacement of the vacuum pump gasket and camshaft oil seal. Both of these parts are subject to wear and tear over time. I'm not persuaded there is sufficient evidence for me to conclude the oil leak was present or developing at the point of sale and not as a result of wear and tear.

Mr Y said given the urgent nature of the faults (an excessive oil leak and brake issues), he took reasonable steps to address them quickly and ensure the vehicle remained roadworthy and safe to drive. But Mr Y has said himself the oil leak was flagged in August 2023, and he didn't have it repaired until May 2024. He then didn't raise this with Creation until April 2025 and by that time it did not have the opportunity to inspect the car, diagnose any fault or repair it.

I'm sympathetic to the fact this is not the news Mr Y would like but I'm satisfied the vehicle was of satisfactory quality when supplied and I won't be asking creation to do anything further.

Mr Y has referred to other decisions from this service concerning car repairs. I do understand why Mr Y would want to compare his situation to other similar complaints, but my role is to look at the individual circumstances of this complaint.

My final decision

My final decision is I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Y to accept or reject my decision before 6 October 2025.

Maxine Sutton
Ombudsman