

The complaint

Mr S complains he was mis-sold a hire purchase agreement he entered with Startline Motor Finance Limited to finance a used car. He also complains the car wasn't of satisfactory quality.

What happened

In January 2024 Mr S acquired a used car financed through a hire purchase agreement with Startline. In November Mr S took the car for a service and MOT with the selling dealership, D. He said the car had begun to leak oil. The MOT highlighted various issues that needed to be addressed with the vehicle. D did some repairs, but Mr S said he remained concerned about the noise from the engine. He said the dealer told him to take the car to a main dealer, M. M carried out a check of the car and provided a report. Mr S said D ignored the report, so he brought a complaint to Startline.

Mr S also complained that he had been mis-sold the finance agreement. He said he had been told by D that he'd only need to pay back £10,000 in total for the agreement. He said the agreement terms hadn't been explained, he hadn't been informed of the interest rate (he'd been advised it shouldn't have been over 4.9%) and he disputed the value of the car. He also said he didn't receive a copy of the agreement until months later.

Startline did not uphold Mr S's complaint, so he brought it to this service. Mr S also complained about commission related to the finance agreement.

Our investigator concluded Startline hadn't done anything wrong and didn't need to take any action. Mr S didn't agree and asked for a decision from an ombudsman.

Since bringing the complaint to this service Mr S said Startline has recorded a default on his credit file. He has since surrendered the vehicle and said the agreement is still on his credit file.

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 S but having done so I won't be asking Startline to do anything further. Mr S has made various complaint points which I will respond to in turn.

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 S's hire purchase agreement is a regulated consumer agreement and as such this service can consider complaints relating to it.

Satisfactory Quality

Startline, as the supplier of the car, was responsible for ensuring it was of satisfactory quality when it was supplied to Mr S. 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 four years old, had been driven for approximately 34,100 miles and had a price of £15,398. 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.

I'm satisfied there was likely a fault with the vehicle. I say this because of Mr S's testimony, and I've seen the diagnostic report he supplied in January 2025 which identified issues with the vehicle.

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.

Mr S took the car to D for an MOT and service in November. At this point the mileage was 44,540. D noted tyre issues, rear brake pads and misting of oil on the shocks. Shortly after Mr S had two tyres and rear brake pads replaced. He said after the service the car lost power, and he took it back to D in January 2025. At this point the mileage was 46,184. D said

- Front brake pads approx. 70% worn and making a grinding noise.
- Purge valve breather pipe cracked.
- Slight leaking from near side front shock and rear shocks

Startline said the advice given was:

- Repairs needed were wear-and-tear items.
- Customer's 3-month warranty had expired.
- Purge valve breather pipe fitted free of charge (goodwill gesture)
- Advised customer to consult the main dealer for engine noise at their expense.

Mr S said the dealer mocked him at this point. He subsequently took it to M who provided a diagnostic report. Faults found included:

- Torque limitation – car feels sluggish intermittently, intermittent power issues.
- Evidence of minor oil leak
- Slight tapping sound, intermittent
- Possibly flywheel or top end damage
- Driver's wheel was found to be slightly binding causing brake grinding noise.

Tyres and brake pads are generally considered serviceable items and would reasonably require replacement; frequency would depend on distance and driving style. By the time Mr S took the car for a service and MOT he had had it for 11 months and had driven approximately 10,000 miles. This mileage is slightly above average. So, it would be reasonable to expect wear and tear repairs on serviceable items at this point. He was also able to drive it a further 2,000 miles before taking it back to D.

Mr S has said he doesn't believe the repair carried out by D was successful as the noise he heard was still present after. I've seen that M diagnosed a few other faults but hasn't linked those faults to a failed repair or identified the main source of the faults. It also didn't provide any confirmation of whether these faults were present or developing at the point of sale or

whether they were also because of wear and tear.

So I think given the mileage Mr S was able to complete before problems developed and without any technical evidence to say the faults were likely present at the point of supply and not as a result of wear and tear I'm persuaded the car was likely of satisfactory quality when Mr S acquired it.

Was the agreement misrepresented?

A misrepresentation is a statement which induces a customer to enter an agreement and suffer a loss because of the misrepresentation. D was acting as the credit broker.

I've seen a copy of the agreement signed by Mr S on 20 January 2024. The price of the car, gap insurance, deposit are clearly outlined. The agreement also shows the amount repayable of £21,402.80. Mr S said he was told it was £10,000. I'm not able to say what was said between D and Mr S when Mr S signed his agreement as I wasn't there. So, I must rely on what evidence is available and what I believe likely occurred. I haven't seen any evidence that details on the agreement are incorrect or different to what Mr S was told. Nor have I seen any evidence that D made an untrue statement.

On the agreement just before the signature it says:

"Important Points to Note:

You acknowledge that you have been provided with and had the opportunity to read our Fair Processing Notice. You acknowledge that you have been provided with an explanation in writing of the credit product set out in this Agreement by us and were given an opportunity to ask questions about it if you wanted to."

By signing Mr S accepted the agreement was explained and he'd had the opportunity to ask questions. And having signed it he agreed to be bound by its terms and conditions.

Mr S has also expressed concerns about the value of the car when compared to the insurance value. I haven't seen any evidence to suggest the car wasn't valued in line with reasonable expectations of the market. It's not uncommon for a finance company to provide a different value/settlement figure compared to the valuation from the insurance company. I say this because many consumers, including Mr S, choose to take out GAP insurance.

I'm not disputing Mr S's version of events, nor do I doubt his strength of feeling in this matter as he is quite certain he was mis-sold the agreement. I'm not persuaded there is enough evidence to show Startline has acted incorrectly in the circumstances or that the finance agreement was mis-sold to Mr S. So, I find it wouldn't be fair or reasonable for me to require Startline to take any action in response to Mr S's complaint.

Credit file and Commission

Mr S has said he's returned the car, and the debt has been paid in full. He said his credit file is still reporting the agreement. Mr S's agreement will show on his credit file because he took out the finance so is a fair reflection of events. If he has paid in full the agreement should be noted as settled. If Mr S has any concerns about the information recorded he should first raise a complaint with Startline so that it can investigate.

Mr S has also said he's complained about commission related to his finance agreement. This is a separate complaint. Mr S should raise this separately with Startline if he hasn't done so already.

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 S to accept or reject my decision before 10 September 2025.

Maxine Sutton
Ombudsman