

The complaint

Mr P complains that the car he acquired through Lendable Ltd trading as Autolend ("Lendable") wasn't of satisfactory quality. He's paid to have the car repaired and wants Lendable to reimburse him.

What happened

Mr P entered into a hire purchase agreement in November 2023 to acquire a used car. The cash price of the car was £8,645, and after taking account of the advanced payment, the balance of £5,645 was to be paid through the credit agreement which was set up over a 48-month term. His monthly payments were £154.40 meaning the total amount repayable under the agreement would be £10,439.31. At the time of acquisition, the car had been driven more than 92,000 miles and was around 9 years old.

Mr P told us:

- He bought a second-hand car on finance, but shortly afterwards it became apparent that the car was not fit for purpose;
- he had the car looked at by a mechanic associated with the manufacturer, and a number of faults and problems were identified, including an oil leak from the turbo; incorrect grade of coolant present; missing bolts from the manifold; damaged wiring; damaged heat shield; a missing undertray; and an incorrectly fitted engine;
- in January 2024, the car lost power and had to be recovered. He was told that because of the poorly fitted engine, the driveshaft had failed;
- he was given an estimate for works - £1,500-£3,000 – and it was on this basis that he approved the works, but it wasn't until later that the full costs became apparent;
- he tried to claim for the cost of repairs through his warranty provider, but his claim was rejected, so he paid for a garage associated with the manufacturer to complete the repairs;
- the total cost of repairs was more than £10,000 – this exceeds the value of the car – and he wants Lendable to reimburse him;
- having just acquired the car, he didn't think it was sensible to scrap it and he capitulated and agreed to the repair costs;
- he was without a car from January – March 2024 and wasn't kept mobile, and the whole situation had been extremely stressful.

Lendable rejected this complaint. It said that it wasn't until this Service notified it of a complaint in August 2024, that it became aware of any issues or problems with the car it had supplied to Mr P – he'd never contacted it about this. Although Lendable did note that Mr P had contacted it in February 2024 with an enquiry about a warranty. But as it did not provide a warranty nothing further was discussed.

Lendable said it had seen a document – *an estimate* – for the proposed repairs with a cost of £10,568.69, but this was dated 29 December 2023, and was *before* Mr P had agreed to have the repairs undertaken. It explained its understanding of the Consumer Rights Act 2015 ("CRA") and said it should've had the opportunity to repair the car, and if a repair was not economically viable, it might've accepted rejection of the car.

Lendable said that for a car of its age and mileage, it would've been appropriate to purchase a reconditioned, second-hand engine commensurate with the age and mileage of the car – and it said such a repair would've cost around £3,000. Lendable said it would not reimburse Mr P for the £10,568.69 he'd spent on a brand-new engine, because he had not filed a complaint with it; it had not had an opportunity to inspect the car and investigate the fault; and it had not been afforded an opportunity to provide an economical resolution to the problem.

Lendable told this Service that although Mr P had not contacted it, he had contacted the broker in this case, but not until after he'd had the repairs to the car completed. It said that Mr P *"has spent above and beyond the vehicle value without informing or notifying Lendable or the broker, and he's paid for betterment of the vehicle engine, meaning the engine is not commensurate with the vehicle's age and mileage but is in line with a brand-new vehicle"*.

Our investigator looked at this complaint and said he thought it should be upheld – he didn't think the car supplied by Lendable had been of satisfactory quality. He explained the relevance of the Consumer Rights Act 2015 ("CRA") in the circumstances of this complaint and said that because the issues with the car had arisen so soon after Mr P acquired it, the presumption was that they were present or developing at the point of supply.

He said that it was unfortunate that the repairs were completed before Lendable was able to put things right itself. But he noted that Mr P had said he believed the repairs would be in the region of £3,000 before agreeing to them. Taking both parties' views into account, he thought the fair way to settle this complaint was for Lendable to pay 50% of the cost of repairs, and he asked it to pay Mr P some compensation for the distress and worry that he'd incurred.

Lendable disagrees so the complaint comes to me to decide. It says it accepts that although the *"faults may have been present or developing at the time of sale, the evidence shows that the customer agreed to repairs which we consider to be uneconomical (and we believe in the knowledge of the full cost prior to the work being completed) that were completed without its knowledge, and we submit were unreasonable given the car's age, mileage and second-hand status"*.

And it says that *"Mr P knew the full cost before agreeing to the works. Had [it] been given the opportunity to repair, the vehicle could have been fitted with a reconditioned [engine] of similar mileage costing around £2,995, and the offer from [the broker] of £3,000 to cover the cost of, what would have been, reasonable repairs for the vehicle's age, mileage and second-hand status is fair"*.

My initial conclusions are set out in my provisional decision. In it I said I thought Mr P's complaint should be upheld, but I reached a different conclusion to our Investigator about how it should be fairly settled, and I explained my reasoning as follows:

"When looking at this complaint I need to have regard to the relevant laws and regulations, but I am not bound by them when I consider what is fair and reasonable."

As the hire purchase agreement entered into by Mr P is a regulated consumer credit agreement, this Service is able to consider complaints relating to it. Lendable is also the supplier of the goods under this type of agreement, and it is responsible for a complaint about their quality.

Under the Consumer Rights Act 2015 ("CRA") there is an implied term that when goods are supplied "the quality of the goods is satisfactory". The relevant law says that the quality of

the goods is satisfactory if they meet the standard that a reasonable person would consider satisfactory taking into account any description of the goods, price and all other relevant circumstances.

The relevant law also says that the quality of the goods includes their general state and condition, and other things like their fitness for purpose, appearance and finish, freedom from minor defects, safety, and durability can be aspects of the quality of the goods. So, what I need to consider in this case is whether the car supplied to Mr P was of satisfactory quality or not.

Lendable supplied Mr P with a used car – it was nine years old and had been driven more than 92,000 miles – so the price of the car was lower than it would've been if it had been supplied new. Because of this I think it's fair to say that a reasonable person would expect that parts of the car might've already suffered wear and tear. And there'd be a greater risk in the future that this car might need repairs and maintenance sooner than a car which wasn't as road-worn when supplied.

I don't think there's any dispute that Mr P has experienced problems with the car - that has been well evidenced by both his testimony and the photographs and documentation he's sent us. I've seen clear evidence that the car needed a replacement engine. And I've concluded that based on the very limited time that Mr P had the car before the faults with it occurred, the car cannot have been of satisfactory quality when Lendable supplied it.

Because of this, had Mr P brought his complaint about the satisfactory quality of the car to Lendable, I'd have expected it to take steps to put things right. This Service would've expected it to successfully repair the car or accept its rejection if a repair wasn't viable or successful; and refund Mr P for any monthly rentals he paid when he wasn't able to use the car and wasn't kept mobile. We'd also think it fair for Lendable to pay some compensation in recognition of the distress and anxiety that Mr P would've felt when supplied with a car with an inherent fault.

In this case, Mr P did not take his complaint to either the broker or Lendable before he had agreed to some very expensive repairs and had them undertaken. And although he says he believed the cost of repairs would be £1,500-£3,000 at the outset, I'm satisfied that he had a very, very detailed estimate of the work required - at a total cost of more than £10,000 - before he decided to go ahead with repairs and have a brand-new engine installed.

In his submissions to this Service, Mr P acknowledged that the cost of repairs significantly exceeded the total value of the car, and he'd have known this as he'd acquired the car only a few months before he authorised the repairs.

In summary, he made a decision that I have difficulty understanding; he agreed to authorise a brand-new engine, at a cost of more than £10,000, for a nine-year-old car that had been driven more than 100,000 miles at this time and had been valued at just over £8,000 when he bought it only two months earlier.

So, because of this, I don't currently think that I can hold Lendable liable for the full cost of repairs that were clearly economically unviable, especially as it hadn't been made aware of the issues with the car and had not had an opportunity to fulfil its obligations under the CRA in a more cost-effective manner.

Now Lendable does need to pay something, it did supply Mr P with a car that was not of satisfactory quality. It's provided this Service with detailed evidence that the cost of fitting a second-hand reconditioned engine would've been around £3,000, so I'm going to ask it to

contribute this sum towards Mr P's total repair bill, and it'll need to reimburse Mr P for the cost of the diagnostics when he asked a mechanic to look at the car.

I know he was without the car for a short period of time; between it losing power and repairs being completed. And he wasn't kept mobile during this period. Because of this, Lendable should refund him some monthly rentals – he paid for a car that he was unable to use because of an inherent fault. And I'll ask Lendable to pay some compensation in recognition of the distress and inconvenience he experienced.”

I asked each party to let me have further information that I'd not already seen by 15 August, that they'd like me to consider.

I've had no further comments from Lendable.

Mr P says he doesn't agree with my provisional decision. I will not repeat all of his submissions here but, in summary, he says:

- He didn't get the estimate for repairs costing £10,568.69 until 23 February 2024, and until this point, he was led to believe that the repairs would cost no more than £3,000.
- He made the decision to accept the cost of repairs so that he had a working car. If he'd not agreed to these costs, he would not have had a usable car, and he would've also had to pay for scrappage.
- He did make contact with the broker in February 2024, and he wants our Investigator's opinion to stand.

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 thank Mr P for his comments, and I've considered them alongside all the evidence and arguments submitted by both parties, in order to decide what's fair and reasonable.

It may be helpful at this stage for me to explain that, although a number of points have been raised in response to my provisional decision, I will only be addressing those issues I consider to be materially relevant to the complaint in hand. Both parties should note, however, that although I may not address each individual point raised, I have given careful consideration to all of the submissions before arriving at my decision.

Having considered all of the evidence, I have reached the same conclusions as set out in my provisional decision and for the same reasons. However, I would like to make the following comments:

- Under the Consumer Rights Act 2015 (“CRA”), because Lendable is the supplier of the car under this hire purchase agreement, it is responsible for a complaint about their quality.

Mr P needed to take his complaint about the satisfactory quality of the car to Lendable. And it was for Lendable to investigate the complaint and decide whether to exercise its one opportunity to repair the car or, alternatively, accept rejection of the car if it felt that repairs were not viable.

Mr P did not contact Lendable about the problems with the car until August 2024, by which time he'd *already* had significant and expensive repairs undertaken. And in

doing so, he'd not afforded Lendable the opportunity to decide how to settle the fact that the car it supplied was not of satisfactory quality.

Because of this, I simply cannot hold Lendable responsible for the cost of repairs that Mr P agreed to. The repairs were disproportionately expensive relative to the value of the car and simply not cost-effective, and therefore not something I believe Lendable would've agreed to.

Putting things right

I'm directing Lendable Ltd trading as Autolend to settle this complaint by:

- paying Mr P a contribution of £3,000 towards the costs he incurred in having the engine replaced;
- paying Mr P the costs of any diagnostics that he had to pay for prior to the repairs, upon his production of a valid receipt;
- refunding Mr P three monthly rentals in recognition of the fact that he was without the car and not kept mobile from the time the car broke down to the date it was repaired and returned;
- paying 8% simple yearly interest on all refunded amounts from the date of payment until the date of settlement*;
- paying a further amount of £250 for the distress and inconvenience that's been caused due to the supply of faulty goods.

*HM Revenue & Customs requires Lendable Ltd trading as Autolend to take off tax from this interest. Lendable Ltd trading as Autolend must give Mr P a certificate showing how much tax has been taken off if he asks for one.

My final decision

My final decision is that I uphold this complaint and direct Lendable Ltd trading as Autolend to settle this complaint fairly as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 16 September 2025.

Andrew Macnamara
Ombudsman