

## The complaint

Ms A complains that a car acquired under a hire purchase agreement with Startline Motor Finance Limited (“Startline”) wasn’t of satisfactory quality when it was supplied to her.

## What happened

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

In August 2024, Ms A entered an agreement to acquire a used car. The car was supplied by a dealership (W) and Ms A used a credit broker (Z) to source the finance. She paid a deposit of £1,000, and the purchase balance was provided under a hire purchase agreement with Startline. The car was ten years old and had covered approximately 80,300 miles when the agreement started. The agreement was for 32 months, with 31 monthly repayments of £286.21, and a final repayment of £296.21. The cash price of the car was £8,136.

Within a month of being supplied with the car, Ms A told Z and Startline she wanted to reject it. She said it had been supplied with the aerial missing, and she’d had to correct the wheel alignment. And in September 2024 a manufacturer-approved dealership (K) had detected more faults with the car – including an oil leak between the transfer case and the gearbox – which rendered the car unsafe to drive.

Startline accepted rejection of the car, although it took some time for this to be arranged. Ms A received a refund of her monthly payments in December 2024, but it took a while longer to receive the refund of her deposit back. However, Ms A was also asking for her loss of earnings to be refunded. She said she’d entered the agreement for the car to help with her child-minding business, and as a result of the faults with it she’d had to turn potential customers away as she didn’t have a suitable car. She’d also arranged to hire a car from a friend for £600 a month, but it wasn’t a 7-seater car like the one she’d been supplied with from Startline.

While Ms A was waiting for Startline to deal with her complaint, she brought it to our service. Our investigator upheld it. He asked Startline to refund Ms A the cost of the inspection she arranged with K. He also asked them to add 8% simple interest onto all refunded amounts, including those previously refunded, and to pay Ms A £300 compensation for the upset being supplied with a car of unsatisfactory quality had caused her.

During our investigator’s review of the case, Startline confirmed that Ms A’s hire purchase agreement didn’t allow for the car to be used for business use, so Startline had no liability for any loss of earnings she was pursuing. Our investigator confirmed that to Ms A as part of his review into the case and left his outcome as he’d originally proposed.

Startline accepted, but Ms A didn’t. She maintained that she should be compensated for her loss of earnings, and she was asking for reimbursement of several thousand pounds to reflect this.

As Ms A hasn’t agreed, the complaint 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.

When considering 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.

Both parties have provided a lot of information here. I'd like to reassure them that I've read and considered everything that's been sent, although I haven't commented on it all within this decision. I will be focussing on what I consider to be the key points of this complaint. This is not intended as a discourtesy but reflects the informal nature of this service in resolving disputes.

I think it's worth starting by explaining I'm only looking at Startline's responsibility here as the finance provider for the car. Ms A has voiced a lot of concerns about W and Z and how they dealt with her initial concerns about the quality of the car post-sale. As Ms A used Z to source the finance for her, it's Z that Startline have the relationship with pre-sale, in this case, but Startline can't be held responsible for anything Z have said or done, or not done as per Ms A's comments, after the agreement has started. W have never acted as an agent of Startline in this case, so Startline have no responsibility for their actions, either before or after the agreement started.

As the hire purchase agreement entered by Ms A is a regulated consumer credit agreement this service is able to consider complaints relating to it. Startline are also the supplier of the goods under this type of agreement and are responsible for a complaint about their quality.

In Ms A's case, Startline have already accepted rejection of the car, and Ms A has received a refund of her deposit and any other associated costs. So, I don't need to make a decision on that aspect of her complaint. All I need to decide upon is Ms A's claim for loss of earnings as a result of the car not being of satisfactory quality from the point of supply.

Startline have said that Ms A's agreement doesn't allow for any business use of the car, and they aren't liable for any loss of earnings. However, Ms A has provided evidence to suggest Z were aware of her intended use of the car while they were sourcing the finance agreement for her – and as such, she thinks her claim for loss of earnings should be considered.

I appreciate Ms A's comments about this. But I'm afraid she's going to be disappointed with my decision as I'm not going to be asking Startline to compensate her for any perceived loss of earnings in this case. I'll explain why.

Ms A has provided our service with her income and expenditure reports from before and after she acquired the car. These reports don't show any drop in earnings, or drop in prospective earnings, at the time she was in possession of the car. Her income, or projected income, has stayed the same, and in some months has been higher, so I'm not satisfied that evidence helps her claim for loss of earnings. Irrespective of whether Startline should have been aware of Ms A's intended use, and whether the agreement would allow for business use, I'm not persuaded she has justified her claim for loss of earnings with the information she's provided about her income, or projected income, during the time she was in possession of the car. So I won't be asking Startline to compensate for it within this decision.

Ms A has also provided screenshots of SMS messages and social media enquiries from prospective customers, asking about her availability and prices for her child-minding services. I accept she had to explain that she couldn't provide any prices or take any more

children on at the time, due to the car not working and needing to be rejected, however the enquiries were only that. They weren't concrete offers of placement, and there's nothing provided by Ms A that confirms she would have secured additional placements had the car been working as it was expected to. The information she's supplied isn't enough for me to consider a claim for loss of earnings – the messages suggest potential new clients, but don't confirm Ms A had to cancel any pre-existing arrangements.

Ms A is also claiming other damages or financial losses as a result of a breach of contract. She has said that she had to hire a car from a friend for around £600 a month. But there's a lot to think about when deciding whether losses should be payable in these sorts of situations. I need to think about whether the losses were directly flowing from the breach of contract; whether Ms A has tried to mitigate her losses; and whether they were reasonably foreseeable or too remote.

The difficulty here is that Ms A has already received a refund of all her payments, and I haven't seen enough to see she's actually lost out by paying more to hire a replacement car. I haven't seen a contract with the other party or sufficient information on why it cost her more than the faulty car. So, I don't find I have sufficient information to award the additional amount she paid to hire a car. It wouldn't be fair to award her all her transport costs as she needed to pay something to keep mobile, and as I said previously, she has received a refund of all her payments.

I know this decision will come as a disappointment to Ms A. It's clearly been a frustrating time for her. Startline have agreed to refund her the cost of the inspection she arranged. They've also agreed to add 8% simple interest to all refunded amounts Ms A has received, and is going to receive, as well as paying her £300 compensation to reflect the upset caused to her by being supplied with a car of unsatisfactory quality.

No amount of money can change what's happened but I'm satisfied the compensation Startline have agreed to is in line with what's awarded where the impact of the mistake has caused considerable distress, upset or worry – and/or significant inconvenience that needs a lot of extra effort to sort out.

I'd like to remind Ms A that she's able to reject this decision if she thinks she can achieve a better outcome by alternative means, such as through the courts.

### **My final decision**

For the reasons above, I uphold this complaint. Startline Motor Finance Limited must:

- Refund Ms A £80 for the cost of the inspection she arranged.
- Pay 8% simple interest on all refunded amounts, those already refunded and that above, from the date of payment until the date of settlement.\*
- Pay Ms A £300 for the upset caused by being supplied with a car of unsatisfactory quality.
- Remove any adverse information, in relation to this agreement, from Ms A's credit file (if applicable).

\*If Startline Motor Finance Limited consider they're required by HM Revenue & Customs to deduct income tax from that interest, they should tell Ms A how much they've taken off. They should also give Ms A a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms A to accept or reject my decision before 6 February 2026.

Kevin Parmenter  
**Ombudsman**