

The complaint

Mrs O complains that the car she acquired through Blue Motor Finance Ltd (“BMF”) wasn’t of satisfactory quality. She says the car turned out to have faults after she acquired it and it has been in the garage for months. She wants to reject the car and unwind the agreement.

What happened

Mrs O entered into a hire purchase agreement in April 2024 to acquire a used car. The cash price of the car was £11,495, and with an advanced payment of £2,000, the credit provided to Mrs O was £9,495. The credit agreement was set up over a term of 60 months and Mrs O’s monthly payments were set at £225.11, so that if the agreement ran to term, then the total repayable under it would be £15,507.60. At the time of acquisition, the car was nearly six years old and had been driven just over 86,000 miles.

Mrs O told us:

- She test drove the car in April 2024 and all seemed to be ok, so she agreed to provide a deposit of £2,000, and she asked for the car to be valeted;
- in November 2024 a ‘*knocking*’ sound came from the engine so she took the car to a garage and was told that this would be an expensive problem to fix and that she should not drive the car – it sounded like a fault with the engine;
- she arranged an independent inspection with a third-party at great cost - £1,870 – and the engineer’s report concluded that the car was in poor condition and that the fault with the engine was developing at the point of supply and there was an excessive amount of engine oil in the turbo charger intake;
- the engineer identified other issues with things that should’ve been addressed in the servicing she’d been advised had taken place prior to her collecting the car;
- she notified BMF, sending it a copy of the report, and she contacted a garage to find out the cost of repairs;
- the garage completed diagnostics at a cost of £168 and said the engine would need stripping and the total cost could be between £2,000-5,000;
- the car has been garaged for months and caused her financial hardship. Fortunately she was able to borrow a car from her daughter, but she needed to pay to be added to the car insurance, and she continued to make her monthly payments due to BMF;
- she wants to reject the car and cancel the finance agreement.

BMF rejected this complaint. It said it had commissioned its own independent inspection, and the resulting report did not conclude it was liable for the problems with the car. It told this Service that the car had passed an MOT just two days after Mrs O acquired it.

Our Investigator looked at this complaint and said he thought it should be upheld. He explained the relevance of the Consumer Rights Act 2015 (CRA) in the particular circumstances of this case. He explained that based on the evidence he’d seen, he didn’t think the car was durable; it was not of satisfactory quality when BMF supplied it.

He acknowledged that there'd been two independent inspections; one commissioned by Mrs O, and one commissioned by BMF, and they'd reached different conclusions. But he explained the role of this Service and why he preferred one report over the other.

Our Investigator said BMF should accept Mrs O's rejection of the car; refund some of her related costs; and pay her some compensation in recognition of the distress and inconvenience it had caused.

BMF disagreed so the complaint comes to me to decide. It says Mrs O managed to drive 5,000 miles since she acquired the car, and this would not have been possible if the fault had been present at the point of sale. And it said that driving styles and types of miles covered were relevant factors in this case.

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 considered all the evidence and testimony afresh, I've reached the same conclusion as our Investigator and for broadly the same reasons. I'll explain why.

The hire purchase agreement entered into by Mrs O is a regulated consumer credit agreement which means that this Service is able to consider complaints relating to it. BMF is also the supplier of the goods under this type of agreement, and it is responsible for a complaint about their quality.

The Consumer Rights Act 2015 ("CRA") is relevant 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".

To be considered "satisfactory" the goods would need to meet the standard that a reasonable person would consider satisfactory – taking into account any description of the goods, the price and other relevant factors. Those factors, in the case of a car purchase, will include things like the age and mileage of the car at the time of sale, and the car's history. The quality of the goods includes their general condition and other things like their fitness for purpose, appearance and finish, safety and durability.

There's no dispute between the parties that there's something wrong with the car. Where they disagree is around who is responsible; where liability lies for what's gone wrong.

In this particular case, in addition to Mrs O's testimony and the documentary evidence she's provided, I've had sight of the two reports compiled by different engineers following their inspection of the car. Unfortunately the engineer's reports are not in agreement; they disagree with the cause of the fault and where responsibility lies.

In these situations, where there's conflicting evidence, my role is to determine which evidence I prefer; that is what evidence I find *more* plausible, *more* persuasive, and what I think it *more likely* to have happened. And having considered everything very carefully, I find the independent report commissioned by Mrs O to be *more* persuasive, and I'll explain why.

Mrs O's report exhibited a number of annotated photographs, and made the following points:

- *"Oil pump pick up contaminated with thick congealed oil"*
- *"Oil sump pan exhibiting contamination and congealed engine oil"*
- *"Evidence of contamination and congealed engine oil"*

- *“Excessive amount of engine oil in the turbo intake pipes and intake”*
- *“Brake pads do not exhibit a condition of being replaced recently”*

The engineer commented that:

- *“it was clear to see the engine oil was thick and congealed”;*
- *“On inspection of the oil filter element, this provides evidence that the lubrication oil had failed with evidence of congealed engine oil causing blockage of the oil filter element, resulting on a restriction in the lubrication channels of the engine”;*
- *“On inspection of the oil pump pick up, it was contaminated with thick congealed engine oil, this was causing a restriction on its ability to draw up engine oil by the oil pump”.*

The engineer concluded that *“the engine oil lubricational properties have failed. This should not have occurred so soon after the vehicle had been supposedly serviced” “The examiner is of the opinion the above statement clearly states the vehicle was not of satisfactory quality and not fit for purpose at the point of sale”.*

BMF’s report did reach different conclusions. It said:

- *“On an under-bonnet examination, the engine oil was no longer registering on the dipstick”.*
- *“There was excessive oil contamination within the induction trunking, and some oil presence within the turbocharger induction housing, consistent with oil bypass through the turbocharger main seal”.*
- *“The sump pan protective pad was also heavily contaminated in engine oil deposits”.*
- *“...no relevant fault code data was stored in the ECU memory”.*

And the engineer concluded that:

- *“There is reportedly very little service history with the vehicle, and it is therefore considered that the lack of maintenance is the main contributory factor. It is the operator’s responsibility to satisfy themselves regarding the service and maintenance history of the vehicle prior to committing to purchase”.*
- *“It is not considered that this is the responsibility of the supplier, if the vehicle was sold with little or no service history”.*

But there’s a number of significant cautionary comments and caveats within this report. The engineer said:

- *“The previous inspector had drained the engine oil, removed the sump pan and other components, and then partially refitted the sump pan, therefore, the oil is no longer available”.*
- *“Oil staining contamination was noted around the lower engine area, however, as the engine has now been tampered with by the previous inspector, it is unknown whether this is from a leak or the dismantling process”.*
- *“Various fixings had not been placed back in their intended position by the previous inspector, and the repairer advised that the whereabouts of some components was unknown”.*
- *“No other engine components were available for examination”.*

And it said despite “further diagnostic interrogation”, fault data was not retrievable.

In conclusion, the engineer acknowledged that:

- *“our examination of the vehicle was limited due to its condition”.*
- *“some evidence is now lost or cannot be relied upon”.*
- *“it is now going to be extremely difficult to conclusively determine the proximate cause”.*

With so many statements of caution, together with an admission that the examination of the car had been limited and determining the cause would be extremely difficult, I simply have no option but to place *greater* weight on the contents of the independent report commissioned by Mrs O.

And, because of this, like our Investigator, I’ve concluded that if a full service took place before BMF supplied Mrs O with the car, then the issues with the oil and the engine ought not reasonably to have occurred so soon – just six months after she acquired the car. And if a service did not take place, then the issues were likely present or developing at the point of supply. In either event, I’m satisfied that the car supplied by BMF was not of satisfactory quality.

Next, I’ve gone on to consider what BMF needs to do to put things right. I’m going to instruct BMF to accept rejection of the car and to end the associated finance agreement. It will also need to refund Mrs O’s costs in getting the fault investigated and diagnosed.

There still remains the issue of compensating Mrs O for the period in which she was unable to use her car, and for the distress, worry, anxiety and inconvenience that she’s experienced. I’ll be directing BMF to refund some of her monthly rentals and pay her some compensation in recognition of the anxiety and worry that it caused.

Putting things right

I direct Blue Motor Finance Ltd to put things right by doing the following:

- ending the agreement with nothing further to pay;
- removing any adverse information from Mrs O’s credit file in relation to the agreement;
- collecting the car (if this has not been done already) at no further cost to Mrs O;
- refunding Mrs O the deposit/part exchange contribution of £2,000;
- refunding Mrs O all rentals for the period from 1 November 2024 to the date of settlement as she had reasonably stopped using the car at this point (this excludes any months when a courtesy car was provided);
- refunding the costs Mrs O has incurred for recovery of the car; the independent engineer’s inspection and report; and the diagnostics. Mrs O will need to provide copies of invoices and proof of payment;
- 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 faulty goods.

*HM Revenue & Customs requires Blue Motor Finance Ltd to take off tax from this interest. Blue Motor Finance Ltd must give Mrs O a certificate showing how much tax has been taken off if she asks for one.

My final decision

My final decision is that I uphold this complaint and require Blue Motor Finance Ltd to settle this complaint as I’ve directed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs O to accept or reject my decision before 20 November 2025.

Andrew Macnamara
Ombudsman