DRN-5780695

The complaint

Miss H complains about problems she has had with a car Blue Motor Finance Ltd (BMF) supplied to her under a hire purchase agreement.

What happened

The facts of this case are familiar to both sides. Therefore, I do not intend to set out everything that has happened in detail. Instead, I'll provide a summary.

Miss H entered into a hire purchase agreement with BMF on 28 April 2025 to purchase a car. The cash price of the car was £18,990. The total amount due under the agreement, including interest and charges, was £28,578.80 to be repaid through 60 monthly instalments of £459.63 (with the final payment including an Option to Purchase Fee of £1 should Miss H wish to keep the car).

Miss H says the vehicle developed a serious fault (specifically a loss of power and a drivetrain error) within 48 hours of taking delivery of it.

Miss H says she agreed to a repair *in good faith,* however she says communication from the supplying dealership (SD) was minimal and she repeatedly had to chase for updates. After 10 days, Miss H went to collect her belongings from the car when she discovered repairs had been completed without her being notified.

Miss H says she expressed a desire to reject the car under the Consumer Rights Act 2015, however she says SD refused this request on the basis that the repair timeframe was 'reasonable'.

In May 2025, Miss H complained to BMF about this matter. A final response letter was issued a few weeks later in which BMF did not uphold the complaint. In doing so, BMF said Miss H agreed to repair as a remedy and, therefore, *there are no grounds to reject the vehicle.*

Unhappy with this, Miss H contacted our service in May 2025. One of our investigators looked into matters and, in August 2025, issued their opinion in which they did not uphold the complaint. In doing so, the investigator said that Miss H did agree to the repairs before asking to reject the car, and, as the repairs were completed in around four days (during which time Miss H was supplied with a courtesy car from the dealership, he didn't think that Miss H was caused significant inconvenience. So, the investigator did not think it would be fair to ask BMF to accept rejection of the car and unwind the agreement.

Miss H did not agree. In doing so, Miss H said (amongst other points)*:*

- The agreement to repair was made under pressure and without proper paperwork;
- The significant and documented inconvenience, financial loss and mental health impact has not been considered;

- Unanswered questions from BMF regarding the finance agreement, including whether or not it will take payments during the dispute.

As an agreement couldn't be reached, the case 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.

Having done so, I agree with the outcome reached by our investigator – and for the same reasons. I'll explain why I think this is a fair outcome in the circumstances.

However, before I do, I'm aware that I've summarised this complaint above in less detail than it may merit. No discourtesy is intended by this. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply my role resolving disputes with minimum formality, and it reflects the nature of our service more generally as a free alternative to the courts.

In considering what is fair and reasonable, I need to have regard to the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider to have been good industry practice at the relevant time.

<u>Consumer Rights Act 2015 (CRA)</u>

The hire-purchase agreement in this case is a regulated consumer credit agreement, which means that complaints arising from it are covered by our service. As our investigator noted, BMF is the supplier of the car under this type of agreement, and it carries responsibility for matters such as whether the car was of satisfactory quality.

The CRA is of particular relevance 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". Whether goods are of satisfactory quality is determined by reference to whether they meet the standard a reasonable person would consider satisfactory, taking account of matters such as price and description, and includes (among other things) matters such as appearance and finish, freedom from minor defects, safety and durability.

In this case, I don't think there's a dispute that this car was supplied in an unsatisfactory condition. After all, Miss H began experiencing problems with the car very soon after taking delivery of it. And SD accepted that the car had faults and it agreed to repair the problems Miss H reported at no cost to Miss H.

Under the CRA, where goods aren't of satisfactory quality certain remedies are available to the consumer. These include a short-term right to reject the goods, the right to a repair or replacement, and the right to a price reduction or the final right to reject the goods.

As the faults appeared within just a few days of Miss H taking delivery of the vehicle, Miss H would be entitled to exercise her short-term right to reject the goods. In those circumstances the business aren't given the option to repair the goods.

However, section 23 of the CRA part (6) says that:

> *A consumer who requires or agrees to the repair of goods cannot require the trader*

> *to replace them, <u>or exercise the short-term right to reject</u>* [my emphasis added]*, without giving the trader a reasonable time to repair them (unless giving the trader that time would cause significant inconvenience to the consumer).*

Miss H does not dispute that she initially agreed to repair as a remedy. And I am not persuaded by – nor have seen sufficient evidence to substantiate – an allegation that Miss H was pressured into agreeing to repairs. Indeed, in Miss H's letter of complaint to BMF, I note she says *I agreed to a repair in good faith* and makes no reference to doing so on the basis of undue pressure or uninformed consent. Equally, I am not persuaded that the absence of a written agreement regarding the repairs undermines the suggestion that she gave informed consent.

So, taking into consideration relevant legislation, Miss H doesn't have a short-term right to reject the car as she agreed to repair as a remedy. And she had to give SD reasonable time to repair the car.

However, it appears Miss H subsequently opted to withdraw consent to repair – and sought to exercise her short-term right to reject the vehicle - *due to the unreasonable delay and lack of communication.*

From the information I've seen, it looks like the vehicle was booked in for repair on 6 May 2025 and, following successful completion of the repairs, the vehicle was ready to collect on 10 May 2025. So the repairs took around four days. In total, it appears Miss H was without use of the vehicle for around 10 days from first reporting the problem to it being ready to collect.

I note the vehicle was sent to the manufacturers main dealership for repairs to be completed under warranty, which may have contributed to the overall duration the vehicle was being repaired. But, looking at things in the round, I do not consider that the repairs took an unreasonable amount of time such that Miss H could withdraw her agreement for repair as a remedy in favour of a short-term right to reject. Similarly, I have not been presented with persuasive evidence to suggest that any failings in communication about the progress of said repairs would enable Miss H to exercise her short-term right to reject having previously agreed to repair as a remedy.

With that being the case, I've gone on to think about whether, in allowing SD time to repair the vehicle, Miss H was caused significant inconvenience.

Here I note Miss H was provided with a courtesy car from SD. I understand that this replaced with a different courtesy car after Miss H advised due to problems with the first car. But, it seems Miss H was kept mobile whilst she was without the vehicle. I understand Miss H was not provided with signed paperwork when the courtesy car was replaced, despite requests for this information. However, I'm not persuaded that a failure to receive paperwork in a timely manner would make a difference to Miss H's rights under the CRA here. With that being the case, and in the context of the relevant legislation, I don't think allowing SD a reasonable period of time to effect repairs caused Miss H *significant inconvenience.*

In the circumstances of this case, it's clear here that Miss H did (at least initially) agree to the car being repaired. And once Miss H had given her agreement for repairs to be carried out, I am not persuaded that SD failed to carry out said repairs in a reasonable period of time such that Miss H could subsequently exercise her short-term right to reject. And I have not been presented with any evidence to suggest the repairs were unsuccessful. It is my understanding that the car now conforms to contract. With that being the case, I don't think BMF acted unreasonably by declining Miss H's claim.

Consumer Credit Act 1974 (CCA)

In her letter of complaint to BMF, and in her submissions to our service, Miss H makes reference to withdrawing from the finance agreement under the Consumer Credit Act 1974.

The right to withdraw is set out in the terms of the credit agreement. It is also set out in section 66A(7) of the CCA. This gives the customer a right to withdraw after entering into a regulated consumer credit agreement, without giving any reason, within 14 days. The 14-day period usually begins the day after the agreement is signed.

So, within that timeframe, Miss H could have withdrawn from the finance. However, this is not the same as saying Miss H could hand back the car. In other words, there is no 14-day cooling off period here relating to the car itself and giving it back. Any talk of 14 days to withdraw in the agreement itself is about the finance, not the car.

So, if someone decides to pay for the car in cash, or to arrange different finance to pay for it, they have 14 days to withdraw from the finance agreement but have to make other arrangements to pay for the car.

It is not in dispute that Miss H does have the right to withdraw from the finance agreement but, on my reading of Miss H's complaint, that wasn't what she wanted to do. She also wanted to hand the car back. And exercising her rights under section 66A(7) of the CCA would not have achieved this end.

So, I don't think BMF need to do anything further in this regard.

Additional matters

Like our investigator, I don't think BMF has acted unreasonably by advising Miss H to collect the vehicle from SD, where I understand it is still located following completed repairs some months ago.

And, due to the amount of time passed since repairs were complaint and the vehicle has not been collected, I understand that BMF has begun the abandonment process with a view to repossessing the vehicle. This doesn't seem an unreasonable step to take in my view.

As I say, I am unclear as to the current status of the vehicle or whether repossession has taken place. But, if this process is still in train, I would urge Miss H to contact BMF to discuss next steps.

I understand Miss H is unhappy BMF have not confirmed, in writing, whether the finance agreement is active and whether they are taking (or will take) payments during the course of the dispute. Miss H argues that this *lack of transparency should be considered in assessing fairness.*

I have not been presented with any evidence to suggest that BMF told – or otherwise indicated to Miss H – that the agreement was not active or that she was not liable for payments under the agreement whilst the complaint was ongoing. Indeed, I note in its final response to the complaint, BMF said [Miss H] is *still liable for the vehicle and its payments as* [she] *signed a Hire Purchase agreement which is a legally bound contract.*

With that being the case, I do not agree that there has been a lack of transparency here or that Miss H had reasonable cause to conclude that the agreement was anything other than active or that BMF would cease to take payments under the agreement.

I understand Miss H is concerned about the impact this matter will have on her credit file. I do not know whether Miss H has continued to make payments under the terms of the agreement since raising her complaint. And I have not seen a copy of Miss H's credit file to know whether adverse information is being recorded. But, in general terms, if payments have not been made in full and on time – in accordance with the terms of the hire-purchase agreement – then I don't think BMF would be acting unreasonably by reporting adverse information on Miss H's credit file. After all, BMF (like all lenders) have a responsibility to ensure it is reporting accurate information regarding the conduct of the account to credit reference agencies.

Again, if the agreement is still live and three is active arrears on the account, I would encourage Miss H to reach out to BMF to discuss next steps.

I do not doubt Miss H has been inconvenienced by what has happened. And I'm very sorry to hear about the impact this matter has had with regards to, amongst other things, her mental health.

However, I am satisfied that the vehicle was repaired in a timely manner and at a no cost to Miss H. And Miss H was kept mobile during that period with the provision of a courtesy car. Therefore, looking at all the facts of this case, I am not persuaded that BMF has acted unfairly or that it needs to take further steps to resolve this matter.

I understand this will come as a disappointment for Miss H. However, Miss H does not have to accept my findings and if she wishes she can pursue her dispute through more formal avenues such as court (seeking appropriate legal advice as she sees fit).

My final decision

My final decision is I do not uphold this complaint for the reasons I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 13 October 2025.

Ross Phillips
Ombudsman