

The complaint

Mrs D complains about the quality of a car that was supplied through a hire purchase agreement with Advantage Finance Ltd (AFL).

What happened

In March 2024, Mrs D acquired a used car through a hire purchase agreement with AFL. The car was about eight years old and, according to MOT records, had travelled around 64,791 miles when it was supplied. The cash price of the car was £9,548. No deposit is listed, so the total amount financed on the agreement was £9,548 payable over 59 monthly repayments of £317.72 with a final repayment of £517.72.

Mrs D complained about the quality of the car. She said it developed faults in May 2024 and despite repairs having taken place, it had to go into the garage for repairs, for the same issue in July 2024. Mrs D says the garage initially refused to repair a snapped coil, but AFL's intervention led to it being fixed. She says she's lost faith in the car and wants to hand it back but was told the value was significantly less than what she'd bought it for.

In October 2024, AFL issued their final response which they upheld. In summary, it confirmed the issues raised with the car was loud noises, and a loss of power from the engine. It said an independent inspection of the issues was arranged by them. The inspection report identified some issues with the car including a broken coil spring. However, it identified that the issues, other than the broken coil spring, would have been present or developing at the point of supply. AFL confirmed the car went to the dealership for all the repairs, including the coil spring, which they said they covered as a goodwill gesture. They also credited Mrs D's account with the payments for August 2024 and September 2024.

In addition to the quality issues, Mrs D said when she entered into the agreement it was to acquire a vehicle for her son. She said AFL were aware of this, however when the car was impounded for having no insurance, AFL initially refused to release the car back to them as the driver was not the person named on the agreement. Mrs D said AFL then changed their mind but the fee to retrieve the car had increased by around three times to the original amount.

Unhappy with the situation, Mrs D brought her complaint to our service where it was passed to an Investigator to look into.

In their file submission, AFL said that in November 2024 Mrs D enquired about amending the agreement to reflect the current value of the car, which she considered was significantly less than what she'd agree to pay for it. AFL also confirmed Mrs D informed them the car was impounded due to no insurance; however they advised she'd have to arrange to get the car back. AFL said that Mrs D advised she would not collect the car and instead allow it to be destroyed.

In February 2025, Mrs D wrote to the Investigator to say she was unhappy because:

- The hire purchase agreement was given to her without the correct affordability checks
- There were faults with the vehicle
- AFL knew the car was for her son
- AFL initially refused to collect the car from the pound
- AFL have been unhelpful with poor communication

In June 2025, AFL confirmed to the Investigator that they paid the fees to release the car, collected it from the compound and gave Mrs D the opportunity to have it returned, but they hadn't received a response from her. AFLO said they were willing to return the car to Mrs D as long as it is fully insured. They said they became aware the car was not being driven by Mrs D, around a month after the agreement became live. AFL added that Mrs D hadn't made any repayments towards the agreement since July 2024.

The Investigator recommended that Mrs D's complaint should not be upheld. In summary, the Investigator concluded that the issue with the faults were satisfactorily resolved as they were repaired and AFL refunded the monthly repayments when Mrs D was without the car. In relation to the issue of the car being impounded, the Investigator concluded that AFL were not at fault as the car was being driven without insurance.

Mrs D didn't accept the Investigator's assessment and advised that a further complaint relating to the affordability of the agreement had been raised with them. However, as the Investigator's opinion remained unchanged, Mr D asked that her complaint be referred to an ombudsman for a final decision.

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.

In considering what is fair and reasonable, I've thought about all the evidence and information provided afresh and 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.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

Mrs D complains about a hire purchase agreement. Entering into consumer credit contracts like this is a regulated activity, so I'm satisfied we can consider Mrs D's complaint about AFL.

The Consumer Rights Act 2015 (CRA) is relevant in this case. It says that under a contract to supply goods, there is an implied term that "*the quality of the goods is satisfactory, fit for purpose and as described*". To be considered as satisfactory, the CRA says the goods need to meet the standard that a reasonable person would consider satisfactory, considering any description of the goods, the price and all the other relevant circumstances.

So, it seems likely that in a case involving a car, the other relevant circumstances a court would consider might include things like the age and mileage at the time of sale and the vehicle's history.

From the information provided I'm satisfied there were faults with the car. This is apparent from the information within the independent inspection report which confirmed there was an issue with the OSF suspension coil spring, a noise from the drive belt area of the engine, a faulty air conditioning system and a worn clutch assembly. The report concluded the car was not in a roadworthy condition and, besides for the issue with the coil spring, it was not of a satisfactory quality when it was supplied.

However, I'm satisfied that the issue with the quality of the car isn't in question and is not disputed by either party.

AFL arranged to have the car repaired which was completed in September 2024 and returned to Mrs D. Mrs D hasn't reported any further issues with the car, so I'm satisfied the repairs carried out were successful. AFL also refunded Mrs D the repayments she made for August and September 2024 whilst the car was being repaired. I'm satisfied that was fair and reasonable.

Having considered AFL satisfactorily resolved the issues of the car's quality and Mrs D hasn't raised any further concerns relating to it, I'm satisfied that this complaint issue has been resolved fairly and in line with the requirements of the CRA. So, I won't be instructing AFL to take any further action in relation to this part of the complaint.

However, Mrs D also raised concerns about AFL's handing of things, surrounding the impounding of the car.

Mrs D confirmed it was impounded due to it having no insurance, soon after it was collected following the most recent repairs.

After some initial queries, AFL confirmed they paid the related fees to have the car released from the compound. Mrs D hasn't disputed any of what AFL has said although she believes it was their actions that led to them having to pay to have it released.

AFL confirmed the car is currently being held at their auction site, however that they are willing to return it to Mrs D and are happy for it to be driven by her son as long as it remains registered to her and is fully insured.

I think AFL's response here is reasonable. The issue that brought rise to the impounding of the car was the driving of it without insurance, which is a breach of the contract and something that AFL was not responsible for. Under the section of the agreement, '**care of the goods**', the agreement says: *'Until you own the goods, you must do the following:*

"Arrange for comprehensive insurance to cover the goods for their full replacement costs against all risks, and be able to provide evidence of this cover when this agreement begins and at any other time we ask to see it"

I think AFL have acted fairly in the circumstances. They retrieved the car and paid for compound storage fees. They've also confirmed their willingness to return the car to Mrs D. I don't consider that this is an unreasonable action from them.

I acknowledge Mrs D has a separate complaint ongoing in relation to whether she should have been allowed to enter into the agreement in the first place. However, all things considered, in the circumstances of this complaint I won't be instructing AFL to take any further action in relation to it.

I've also thought about Mrs D's comments that AFL haven't contacted her for a significant period of time. Having reviewed the contact notes provided by AFL, I'm satisfied there was a reasonable level of communication between both parties throughout August to December of 2024, and January to April 2025. I acknowledge there may have been times where each party couldn't get hold of each other, but in the whole, I don't consider that any lack of communication from AFL would have been at any considerable detriment to Mrs D.

My final decision

My final decision is that I don't uphold Mrs D's complaint about Advantage Finance Ltd

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or reject my decision before 21 October 2025.

Benjamin John
Ombudsman