

The complaint

Mr W has complained about the quality of a car provided on finance by Blue Motor Finance Ltd ("BMF").

What happened

Both parties are familiar with the events, so I'll briefly summarise them here.

BMF supplied Mr W with a used car on a hire purchase agreement in October 2024. The cash price of the car was around £12,000 and it had covered around 83,000 miles since first registration in April 2016. Mr W paid a deposit of around £700. The hire purchase agreement required payments of around £280 for 60 months.

Within the first week Mr W said he contacted the selling dealer to let them know about some problems with the car including the brakes, clutch, transmission, gearbox and an oil leak.

Mr W said he took it to a garage who confirmed the faults, but the dealer refused to cover the cost of repairs.

Mr W complained to BMF in December 2024. BMF arranged and paid for a third party I'll call Expert A, to complete an independent inspection in January 2025. The mileage at inspection was around 86,400. The inspection report said that the car was in average condition for the age and reported mileage, but it displayed symptoms of a transmission defect and previous poor-quality repairs which would have been present when the car was supplied. It also said that some of the reported faults were commensurate with the age and mileage of the car.

In February 2025 BMF let Mr W know that it was liaising with the selling dealer as it had an opportunity to repair the car.

BMF wrote to Mr W again in February 2025 to let him know that its time to consider the complaint had elapsed and he could now refer his complaint to the Financial Ombudsman, which he did. BMF arranged to move the car to the dealer in March 2025.

In June 2025 BMF said it had attempted to liaise with the dealer to arrange repairs but said the dealer wasn't liable to assist with the clutch and oil leak. BMF said that it allowed rejection of the car as the dealer hadn't completed the investigation or repairs. BMF said it refunded four monthly payments, refunded the deposit and unwound the agreement. It offered compensation of £150 and issued a final response on this basis.

An investigator here looked at the complaint. She said that the car wasn't of satisfactory quality when it was supplied. She said that BMF's offer was generally fair. But she thought that Mr W should also get 8% simple interest on the refunds, and she didn't think the £150 compensation was enough. She recommended that BMF pay £200 in total.

Mr W disagreed. He said he thought that BMF had got away with a lot. He said that the refund of his part exchange deposit wasn't fair as the car was worth more. He said that he'd

only been given the cost of a hire car for one week out of 13, and he'd been unable to recover glasses he left in the car.

BMF didn't agree with the increase in compensation. As the parties didn't agree, the complaint was passed to me to make a 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.

I've read and considered the evidence submitted by both parties, but I'll focus my comments on what I think is relevant. If I don't comment on a specific point, it isn't because I haven't considered it, but because I don't think I need to comment in order to reach what I think is the right outcome. This is not intended as a discourtesy but reflects the informal nature of this service in resolving disputes.

Where the evidence is incomplete, inconclusive or contradictory (as some of it is here), I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

The agreement in this case is a regulated consumer credit agreement. As such, this service is able to consider complaints relating to it. BMF is also the supplier of the goods under this type of agreement, and responsible for a complaint about their quality.

Mr W didn't explicitly agree with the investigator's opinion, and he seems to indicate that he's expecting further refunds or compensation. BMF disagreed because it thought the remedy it had already offered was adequate. So, what's left for me to decide is what BMF need to do to put things right.

Having had an opportunity to review what happened afresh, I agree with our investigator's assessment of what went wrong and how to put things right, for broadly the same reasons. I'll explain why.

In this case, as the goods, to my mind, did not conform to the implied term of satisfactory quality, Mr W had the right to ask BMF to repair them. The Consumer Rights Act 2015 (CRA) sets out that if the consumer requires the trader to repair or replace the goods, the trader must do so within a reasonable time and without significant inconvenience to the consumer. But as an alternative BMF allowed Mr W to exercise his final right to reject the car, which is also a fair remedy under the CRA.

Mr W made a complaint to BMF in December 2024, but in February 2025 he was told that BMF's time to consider the complaint had ended and instead turned to our service. It seems he was waiting to find out what his rights were in the situation he found himself in, through no fault of his own.

Under this type of agreement BMF is the supplier, so it is responsible for arranging repairs. It seems that it has deferred this to the selling dealer, and things have taken too long to get resolved. I can understand why BMF might have wanted to do that. But BMF became aware of the complaint in December 2024, and Mr W was still without a resolution when he referred his complaint to us in February 2025. It then took until June 2025 for it to make a formal offer and allow him to reject the car. I think BMF could have been clearer in its communication and more robust in pushing forward with a resolution for Mr W at an earlier stage.

It's clear there's been overall inconvenience as a result of Mr W being supplied a car that wasn't of satisfactory quality. Thinking about the compensation ranges on our website it's clear that Mr W has made more than a reasonable effort to sort things out himself, he's been without a car and waited longer than usual for a response to his complaint. I think that BMF could have helped him resolve things sooner. I agree with our investigator's recommendation of £200 compensation in total, that being an increase from BMF's offer of £150.

Mr W said he was unhappy with the refund of the deposit as the car he part-exchanged was worth more. Mr W negotiated and accepted an offer for that car as part of discussions about his new agreement. That was his opportunity to dispute or refuse what he was offered. Even though the car that was supplied under the agreement wasn't of satisfactory quality I don't think it would be fair or reasonable to look back now and change the terms of what was agreed.

I understand that Mr W is also unhappy that his glasses haven't been recovered. I'm sorry to hear that but I think it's reasonable to expect that he could have removed his personal possessions before the car was recovered, so I'm not going to ask BMF to do anything further for that.

Mr W has also said that he was only given the cost of a hire car for one week out of 13 when he didn't have use of the car. As BMF have refunded four monthly payments I think that adequately covers the period of loss of use and impaired use, so I'm not directing it to refund anything further as that might leave him in a better position overall.

I understand that Mr W is also unhappy that he was contacted by the Driver and Vehicle Licensing Agency (DVLA) after he cancelled his direct debit for road tax. I'm primarily required to look up to the point of the final response, but this seems to be a splinter issue which arose after the car was rejected. As far as I'm aware it's the responsibility of the registered keeper to notify DVLA if the car is no longer in his possession. So, I don't think that BMF needed to do this for Mr W.

Although BMF made an offer after the complaint was referred to our service, and parts of the offer may have already been completed, I need to make a final decision on this complaint to draw a line under things. So, for the reasons set out above I think the steps I've set out below are a fair and reasonable way to resolve this complaint.

Mr W doesn't need to accept my decision if he thinks he should get a better outcome, and he'll be free to pursue the complaint by other means, such as through the court, after obtaining legal advice as necessary.

My final decision

My final decision is that I uphold this complaint and direct Blue Motor Finance Ltd to do the following to the extent it hasn't done so already:

- Refund the deposit contribution of £700
- Refund four monthly payments for loss of use and impaired use
- Pay 8% simple annual interest on any payments and refunds above from the date of payment to the date of settlement*
- Pay £200 compensation for the inconvenience caused to the extent that it hasn't done so already
- Remove any adverse information reported to the credit reference agencies

* If Blue Motor Finance Ltd considers that it is required by HM Revenue & Customs to withhold income tax from that interest, it must tell Mr W how much it's taken off. It should also give Mr W a tax deduction certificate if he asks for one, so he can reclaim the tax from HMRC if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 22 October 2025.

Caroline Kirby
Ombudsman