

The complaint

Mr C complains that the car he acquired through Zopa Bank Limited ("Zopa") wasn't of satisfactory quality. The car has now been rejected and collected, but he's unhappy with the redress and compensation paid by Zopa.

What happened

Mr C entered a hire purchase agreement in May 2024 to acquire a used car. The cash price of the car was £9,995, and after taking account of the advance payment, the amount of credit provided totalled £9,817.50. The credit agreement was set up over a term of 60 months, with monthly rentals of £273.62 and if it ran to term, the total amount repayable would be £16,594.66. At the time of the acquisition, the car was around ten years old and had been driven more than 96,000 miles.

The details of this complaint are extensive, but are known to both parties, so I'm only going to summarise the key points here:

- Shortly after acquisition, Mr C complained about a number of issues with the car – the air-conditioning was malfunctioning; the sunroof wouldn't open; and there were issues with the operability of the BlueTEC system. So he raised a complaint with Zopa;
- In December 2024, Zopa upheld Mr C's complaint. It said that although Mr C's preferred resolution was to have the car repaired, the supplying dealership had agreed to accept the car's rejection because it could not undertake the repairs itself;
- Zopa asked Mr C to obtain quotes for repairs from two independent garages, so that it could determine whether repairs were possible and viable;
- In the absence of any repair quotes being provided, Zopa supported the rejection of the car, and it was collected on 17 December 2024;
- Zopa told Mr C that it would arrange to have his deposit refunded, along with the cost of some train tickets. It agreed to refund some of Mr C's monthly rentals, but said it would need to make a deduction in respect of fair usage – this would take account of the mileage driven by Mr C. And it agreed to settle the loan and remove it from Mr C's credit file;
- Zopa recognised the inconvenience experienced by Mr C and it arranged to pay him some compensation in respect of this.
- Mr C was unhappy with the deduction Zopa made in respect of the mileage he'd driven. He explained that when he first complained he was told he'd be refunded all his monthly rentals, and in any event, some of the mileage he'd driven had been directly a result of the issues with the car;
- Mr C brought his complaint to our Service, and an Investigator reviewed what had happened. He explained that this Service could only look into complaints about things for which Zopa was regulated – the satisfactory quality of the car supplied – and not things that Zopa could not be held responsible for such as other parties' customer service issues;
- Our Investigator explained the approach that this Service expects financial businesses to take when accepting rejection of a car supplied under a regulated

credit agreement, and he noted that although Zopa had done *most* of these things, it had omitted to pay Mr C statutory interest of 8% on any monies refunded, so he asked it to pay this;

- Our Investigator explained to Mr C that Zopa was permitted to make a deduction for his fair usage of the car, and he thought that Zopa returning 55% of Mr C's monthly rentals was fair in the circumstances. The retention of 45% of the monthly rentals took account of the 3,000 miles that Mr C had driven;
- And our Investigator concluded that the £350 compensation paid by Zopa to Mr C was what he'd expect it to pay, and he wouldn't ask it to pay any more;
- Zopa accepted these recommendations, but Mr C did not. He said *"I was expecting at the very least my monies returned in full as agreed by all parties several times. The entire experience has made me stressed, angry, upset; and that is not right and not what I was paying my inflated monthly payments for"*. And he explained that cars had been a passion of his for many, many years; his treatment has been appalling; and he's genuinely disgusted at how the motoring industry is used and abused.
- Our Investigator reviewed Mr C's testimony, and he increased by a further £100 the amount of compensation that he thought Zopa should pay.

Zopa agreed with these revised recommendations, but Mr C did not, so the complaint comes 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 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 credit agreement entered into by Mr C is a regulated consumer credit agreement which means that this Service is able to consider complaints relating to it. Zopa 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 vehicle purchase, will include things like the age and mileage of the vehicle at the time of sale, and the vehicle'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.

I'm pleased to see that once it had completed its investigation, Zopa accepted the rejection of the car. I know that Mr C expected things to move along far more quickly than they had, but Zopa needed time to investigate Mr C's claims before it could agree to the rejection of the car.

Zopa acknowledges and accepts the faults experienced by Mr C and it accepts his right to reject the car. Because of this, I don't need to make any findings about whether the car was of satisfactory quality when supplied – all parties seem to accept it was not.

The parties do not agree entirely on the redress that should be paid, so this is the focus of my decision.

I've considered very carefully the comments from both parties, and I've looked closely at the information and very detailed testimony from Mr C detailing the issues he experienced with the car; the initial diagnostics he paid for; and the other consequential costs he's incurred. And, having done so, I've reached the same conclusion as our Investigator – I think his recommendations for settling this complaint are fair and reasonable in all the circumstances of it, and I'll explain why.

Like our Investigator, I'm satisfied that Zopa's way of putting things right is broadly in line with what this Service would expect. We'd typically ask the business to:

- end the credit agreement and remove any adverse information from the customer's credit file in relation to the credit agreement;
- arrange collection of the car;
- refund the customer's deposit;
- refund some monthly rentals to reflect impaired usage of the car;
- refund costs directly associated with the unsatisfactory quality of the car – costs that the customer incurred because the car was faulty;
- pay statutory interest of 8% on monies refunded and;
- pay some compensation if the customer experienced distress, worry, anxiety and inconvenience because faulty goods were supplied.

And I can see Zopa has incorporated *most* of these things in resolving Mr C's complaint. So, the only outstanding matter, it seems to me, is the amount of the monthly rentals that should be refunded.

I need to tell both parties that calculating this is not an exact science. The car was inherently faulty, there's no evidence it could be economically repaired, and the supplying dealership and Zopa agreed to accept its rejection, so I'm satisfied that Mr C should get some money back to reflect his impaired usage of the car.

But Mr C was able to drive more than 3,000 miles in the short time he had the car. And it's right that I recognise his usage of the car – so I'm not going to ask Zopa to refund all his monthly rentals, even though I recognise that his usage of it was impaired, and his enjoyment of it was likely adversely affected.

Looking at everything in the round, I think the refund of rentals already proposed by Zopa – 55% of the payments made – is fair and reasonable in the circumstances of this complaint.

Finally, I've considered the frustration, worry and anxiety that this whole episode caused Mr C, and I'm going to ask Zopa to pay the additional £100 recommended by our Investigator. This takes the total compensation to £450, and this is in recognition of the frustration and distress I believe he experienced. It is not to *punish* Zopa as this is not the role of this Service.

This Service doesn't supervise, regulate or discipline the businesses we cover. And my role isn't to punish or penalise businesses for their performance or behaviour – that's the role of the Regulator, in this case the Financial Conduct Authority.

The role of this Service is to look at problems and concerns experienced by an individual consumer and determine whether, or not, the financial business – in this case Zopa – has

done anything wrong. And, if it has, I'll seek to put the consumer back in the position they would've been in if those mistakes hadn't happened.

In summary, I'm satisfied that the redress suggested by our Investigator is both fair and reasonable in the circumstances of this complaint, and I'm going to direct Zopa to compensate Mr M accordingly.

Finally Mr C says that when he was first researching the cost of cars, the type he wanted to acquire was around £8-9,000, but due to the way in which it was purchased *"there was no opportunity to haggle"*. He says the cost was higher than he would've liked but he did agree to meet it, and it was in budget. Mr C says that he was *"cheesed off because if the price was fairer my payments would have been lower"*.

I'm sorry Mr C now feels that the car was more costly than he would've wished. But in agreeing to acquire it and by signing the associated credit agreement he agreed to pay the cash price of the car - £9,995 – and for it to be financed in the way that it was. And the sales price he agreed to pay for the car isn't something I can hold Zopa responsible for.

Putting things right

If it hasn't already done so, I direct Zopa Bank Limited to put things right by doing the following:

- Ending the credit agreement with nothing further to pay (if it hasn't already done so);
- Removing any adverse information from Mr C's credit file in relation to the agreement (if it hasn't already done so);
- Collecting the car (if this has not been done already) at no further cost or inconvenience to Mr C;
- Refunding Mr C's deposit (if it hasn't already done so);
- Refunding Mr C 55% of his monthly rentals to reflect the fact that he experienced impaired usage of the car (if it hasn't already done so);
- Refunding Mr C the cost of his train ticket and the cost of the diagnostics he paid for (if it hasn't already done so)
- Paying 8% simple yearly interest on all refunded amounts from the date of payment until the date of settlement*;
- Paying an additional £100 - taking the total to £450 – for the distress, worry, anxiety and inconvenience that's been caused due to the supply of faulty goods.

*HM Revenue & Customs requires Zopa Bank Limited to take off tax from this interest. Zopa Bank Limited must give Mr C a certificate showing how much tax has been taken off if he asks for one.

My final decision

My final decision is that I uphold this complaint and require Zopa Bank Limited to fairly settle this complaint as I've directed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 6 October 2025.

Andrew Macnamara
Ombudsman