DRN-5805996

The complaint

Mr M complains about the quality of a car financed by Oasis Motor Finance Limited ('Oasis').

What happened

The parties are familiar with the background details of this complaint – so I will briefly summarise them here. It reflects my role resolving disputes with minimum formality.

Mr M took out a hire purchase agreement for a used car around December 2023.

Mr M is unhappy with the quality of the car. In summary, he says that two weeks after taking the car the transmission failed and he had engine related issues. Mr M says repairs were carried out to the car but it continued to be problematic. Mr M said he is out of pocket for repairs and wanted to reject the car as he didn't trust it anymore.

Mr M complained to Oasis. It responded and confirmed it had an independent inspection carried out on the car in June 2024 ('Report A') which confirmed ongoing issues with the gearbox. It said that as a third-party garage completed the initial repair work without its involvement it was unable to assist further.

The complaint was referred to this service. Our investigator upheld the complaint but Oasis disagreed and asked for an ombudsman to look at things for a final decision.

I issued a provisional finding which said:

> I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.
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> I note that since our investigator issued their view the facts of this case have moved on. I understand Mr M has now Voluntarily Terminated ('VT') his agreement and the car has been collected in line with this. However, I have not been provided with the full information concerning this termination to date, despite attempts to obtain it. So as not to delay this matter further I am making my decision on the basis of the more limited information I do have.
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> While I might not comment on everything (only what I consider key) this is not meant as a discourtesy to either party – it reflects my role resolving disputes with minimum formality.
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> 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.
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> The agreement in this case is a regulated consumer credit agreement. As such, this service is able to consider complaints relating to it. Oasis is also the supplier of the goods under this type of agreement, and responsible for a complaint about their

quality.

The Consumer Rights Act 2015 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”.

The Consumer Rights Act 2015 says the quality of goods are satisfactory if they meet the standard that a reasonable person would consider satisfactory taking into account 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 take into account might include things like the age and mileage at the time of sale and the vehicle’s history.

The Consumer Rights Act 2015 (‘CRA from now on’) says the quality of the goods includes their general state and condition and other things like their fitness for purpose, appearance and finish, freedom from minor defects, safety, and durability can be aspects of the quality of goods.

Oasis supplied Mr M with a second-hand car that was around 7 years old and had done just under 80,000 miles at the point of supply. It is fair to say that in these circumstances a reasonable person would consider that the car had already suffered significant wear and tear – and was likely to require more maintenance and potentially costly repairs sooner than you might see on a newer, less road worn model. However, despite the cash price being less than a newer car – it was still almost £9,000 – and in the circumstances a reasonable person would not be expecting the car to need significant component repair very shortly after supply.

It doesn’t appear to be in dispute that Mr M was having significant issues with the gearbox at an early stage. And this is backed up by Mr M’s credible testimony along with an invoice from a gearbox specialist concerning the car (to a warranty company) dated 23 January 2024 for £3,480 worth of gearbox repairs (‘Invoice A’). It appears this was a gearbox rebuild rather than a brand new gearbox – which would have been around twice the cost of this.

While I acknowledge this is not a very low mileage or young car – I don’t consider a reasonable person would expect to have repairs like this just weeks into using it. I note that when Invoice A was prepared the car had only travelled around 500 miles. Therefore, prima facie the car appears to be of unsatisfactory quality at the point of supply, and a remedy is due under the CRA. A repair would not be an unreasonable remedy at this stage and in line with the CRA.

It appears repairs have been carried out on the gearbox via the work detailed in Invoice A. However, Report A confirms these have not successfully resolved the issue and the gearbox causes shuddering of the car when under certain conditions. It also confirmed that in its opinion this is something the supplier of the car should be responsible for.

So prima facie – in the circumstances it seems that as a repair had been attempted but failed Mr M would be entitled to reject the car at this point. However, even if it were not for said previously unsuccessful repair it is arguable further repairs would cause Mr M significant inconvenience going forward, further bolstering a case for rejection of the car under the CRA in any event (as the inspector for Report A confirmed that further specialist investigations would be required to determine the exact cause and remedy for the shuddering).

Oasis argues that it is not liable for the issues with the gearbox. It appears to be suggesting:

1. Mr M got repairs carried out by his own mechanic without notifying it or the dealership. And that these have caused the problems with the car.
2. The third party recovery agent that took Mr M's car back to the dealer wrote the car off.
3. Mr M has produced documents like Invoice A but didn't have these repairs carried out despite receiving the money from the warranty company.

However, these allegations are not persuasive. They are positioned as the 'opinion' of the dealer and communicated third hand to this service by Oasis. And are unsupported by direct and persuasive information from the warranty company, police reports or other evidence like correspondence, photographs or videos.

I note that even if the dealer has not paid anything toward the warranty repair to the gearbox specified by Invoice A – it doesn't mean it never took place. I note our investigator has called the specialist repairer and confirmed that the repairs on Invoice A were carried out and paid for by the warranty company. I have listened to the call and it seems credible. The fact the repairs were confirmed undermines the allegations passed on by Oasis that Mr M is making false warranty claims and not having the work carried out.

Furthermore, I can see credible correspondence from the warranty company showing that it sent Mr M Invoice A which it obtained from the specialist repairer and was made out to it rather than Mr M. It appears unlikely that the warranty company would have paid Mr M the money for the repair in these circumstances. Instead, it seems the specialist repairer has directly billed the warranty company which would have recovered any excess charge from Mr M. In this case Mr M has shown an email request from the warranty company and a credible bank statement showing he paid it £800 around the time of the gearbox repair. In line with his testimony it seems likely this was a contribution for the gearbox repair specified in Invoice A – not only showing that the repair likely happened – but that Mr M did not receive the money for it and instead was asked by the warranty company to make a contribution to it - which he paid.

I know Oasis says it has spoken to the warranty company and that it confirmed it did not action the repairs due to the cost of these but I don't have anything directly from the warranty company to confirm this, what repairs it is referring to exactly – or why it would have then asked Mr M for £800 if it didn't go ahead with the transmission repairs specified in Invoice A. Furthermore, as I have said the specialist repairer confirmed first-hand the repairs were carried out and paid for by the warranty company.

I also see that Oasis has provided some photos of claim screens from the warranty company showing it approved some claims and declined others. But I don't think it shows conclusively that it didn't pay toward the transmission repairs as specified in Invoice A – noting the other evidence I have already mentioned that suggests the opposite.

So, on balance I think the repairs specified by Invoice A likely took place and these were not successful as supported by Report A. I also think the repairs were likely carried out with the knowledge of the dealer (acting as the agent of Oasis). Mr M says the dealer told him to go through the warranty company and that it was involved

in picking up the car to be transported on for the repairs by the warranty company – which seems plausible.

However, even if the dealer didn't agree to these repairs – it appears they were carried out by a specialist gearbox expert who was contacted through the warranty company. I don't see what either the dealer or Oasis would have done differently in any event than send the car to a specialist like this for repairs. There is always a risk that a first attempt at repairs will not succeed even when performed by a specialist, and the failure of repairs in itself does not show that Mr M has acted unreasonably by permitting the work.

There also isn't persuasive evidence that the tow company wrote the car off either. It appears accepted that it caused some cosmetic damage to the front of the car when Mr M initially tried to return the car to the dealer – and this appears to be backed up by photos showing minor damage. But there isn't persuasive evidence of more than that. Furthermore, had a collision caused the ongoing transmission issues I would have expected Report A to have picked up on this.

I accept that Mr M made other warranty claims for other issues with the car (which were supported by diagnostics/estimates). But making several claims in itself (and whether these are approved or not) doesn't mean Mr M did not have genuine issues arising with the vehicle. I note that in considering this matter I have not really touched on the other issues he had with the car – but the diagnostics and reports he obtained clearly show that he did have several issues identified by different garages. And while some might be considered wear and tear – there were several occurring in the early months of using the car. Which cumulatively (with the transmission issue) arguably support a finding that the car was not of satisfactory quality at the point of sale and go some way to explain why Mr M had made several claims on the warranty.

In summary, the arguments being put forward by Oasis for it avoiding liability for the quality of the car are not persuasive and I think there is evidence that actively discredits these arguments. I think it is fairly liable for the breach of contract here and should put things right in line with the remedy of rejection.

My starting point is Oasis should ensure the agreement is ended with no adverse information on Mr M's credit file as a result. Furthermore, it should refund him his deposit. I understand the car has already been collected in May 2025 by the process of VT.

Mr M has explained that he took the decision to VT the car as it was causing him too much stress. I am sorry to hear that. He accepts he continued to use it despite the ongoing issue with the gearbox due to needing it for work. I note he has confirmed that the mileage got to 88,557 so he has had notable but not excessive use of the car. My starting point is that he should be liable for all rentals up to the point the car was collected in respect of the VT. Mr M might argue that he has not used the car as much as he would have. And I note in the first seven or so months he had travelled more modest mileage. There might be reasons for this related to the quality of the car. However, considering the overall mileage and noting I am recommending he gets his full deposit back, which is almost half the value of the car (and reduced his monthly payments considerably) – I think that allowing Oasis to retain all his monthly rentals for fair use to date is broadly reasonable here.

I don't have the VT documentation to show what Mr M has had to pay in order to end the agreement early. However, if he (as a result of the VT) has paid Oasis more than the monthly payments relating to his use from inception to collection – then Oasis should refund him this overpayment.

I am satisfied the issues with the car have impaired the use Mr M has had of the car to date. While I would not expect an older higher mileage car to drive as smoothly as a newer one I don't think the difficulties with the gearbox initially or the ongoing shuddering outlined in the report are reasonably expected. This isn't a science but to reflect this impaired use I think Oasis should refund Mr M 10% of each monthly payment made relating to use of the car from inception of the agreement to the point the car was collected.

I note Mr M says he was unable to use the car for around two weeks while it was being repaired. But noting I am recommending he gets back his deposit – which is almost half the value of the car and notably lowered his monthly rentals - I am not going to award for loss of use in this respect.

Mr M has claimed outlay for repairs and diagnostics. So far I am satisfied that he has provided evidence (in the form of bank statements or a payment plan) to show he has likely paid out for the following ('the Expenses'):

Jan 2024 - £800 in relation to transmission repair to warranty company
March 2024 - £49.50 in relation to investigation/diagnostic
April 2024 - £540.95 for an injector test and new belt tensioner
May 2024 - £119 in relation to investigation/diagnostic
July 2024 - £440.40 in relation to water pump repair

It seems fair Oasis pay these costs as they either relate to the car not being of satisfactory quality. Or Mr M will not benefit from the repairs going forward. I note there are other costs Mr M has shown in respect of the car via invoices he has provided although I note that some things appear to have been covered or partially covered by the warranty based on screenshots of claim information from Oasis. Furthermore, although I accept there might be things Mr M has been unable to evidence payment for – he would have always had some reasonable running costs during his use of a car of this age and mileage in any event. So currently, I am not proposing to direct Oasis to pay him more than the out of pocket costs I have outlined above.

Mr M has described the stress the issues with the car have caused him. He has described the notable impact on his mental health. And I can see that he got to the point where he simply wanted to get out of the situation and felt forced to VT in the end. I am very sorry to hear what has gone on here. And considering the strong evidence of early and significant issues with the car and reinforced by Report A I think Oasis could have supported him better here. Instead matters have been left to go on and this has added to Mr M's overall distress. I have considered the circumstances here along with our approach to awards for distress and inconvenience (as published on our website) and think the proposal of compensation of £350 by the investigator is fair and reasonable here.

My provisional decision

I uphold this complaint and direct Oasis Motor Finance Limited to:

- Ensure the agreement is ended without any adverse impact on Mr M's credit

file;
- refund the deposit of £4,000;
- refund Mr M any overpayment resulting from his decision to VT – ensuring he is only liable for monthly rentals relating to the period from agreement inception to the point the car was collected from him;
- refund 10% of each monthly payment he has paid relating to use of the car from the point of agreement inception to the point the car was collected;
- refund Mr M payment for the Expenses as specified above;
- pay 8% simple yearly interest on each refund calculated from the date of payment to the date of settlement; and
- pay Mr M £350 compensation.

If Oasis considers it should deduct tax from my interest award it should provide Mr M with a certificate of tax deduction.

Mr M accepted my decision.

Oasis did not accept my decision. It said, in summary:

1. I have not given sufficient weight to the age, mileage and overall value of the car and '*a reasonable consumer purchasing such a vehicle for £9,000 would not expect it to be free from major repairs during their ownership'*. The fault which arose weeks after delivery is consistent with age related failure and not evidence of a defect at the point of supply.
2. It is concerned the reliance placed on 'Invoice A' and the telephone conversation with the gearbox repairer. The warranty company's records which it has provided indicate it declined to authorise the significant gearbox work. The alleged £800 contribution has not been independently verified by the warranty provider and there is no direct confirmation the rebuild took place.
3. The proposed remedy does not properly distinguish between Mr M's decision to VT and his desire to reject the car. VT is a statutory right and limits Mr M's responsibility to a certain amount. To then apply remedies *'akin to rejection under the Consumer Rights Act risks awarding a double remedy not envisaged by either piece of legislation'.*
4. A 10% refund of monthly payments seems arbitrary and disproportionate noting Mr M has derived substantial benefit from use of the car – and any impairment has not been evidenced with contemporaneous records such as logs or hire car receipts.
5. It is concerned with the decision to refund Mr M's deposit contribution in full when this has reduced Mr M's payments throughout the agreement. This would amount to double recovery and is not proportionate.
6. In relation to expenses it considers some of the costs claimed like water pump and belt tensioner are consistent with normal maintenance. It considers expenses only clearly linked to proven defects should be reimbursed.
7. While it recognises that Mr M found the experience stressful it considers that the award of £350 is excessive noting he continued using the car for many months and received warranty support. It also said Mr M had the option of raising concerns with it at an earlier stage. A more proportionate sum would better reflect the context of the case and ensure consistency with other outcomes in disputes concerning used cars of comparable age and condition.

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 thank Oasis for its further comments. I have considered them carefully, but they don't change my provisional findings which I still consider fair for the same reasons. For clarity. I will deal with the additional points as numbered above.

1. I have already acknowledged that I have considered the age, mileage and price of the car at the point of sale when determining satisfactory quality. I do appreciate this is not a new car and it was supplied with high mileage. I do not expect a reasonable person would expect it to be fault free. However, £9,000 is not an insignificant cost for a car – and there would be some reasonable expectation of quality particularly around major parts in the very early stages of use. I maintain that a reasonable person would not expect the car to require a gearbox rebuild or replacement within weeks of use that costs near to half of the purchase price to remedy (as a rebuild) or around the same price as the car (if a replacement option were followed). This seems disproportionate and unreasonable. I also note that Report A confirms that it considers the supplier should be responsible for the ongoing issues with the gearbox – further underlining my finding here in respect of satisfactory quality.
2. I have already explained why I consider that the warranty repairs detailed on Invoice A were more likely than not carried out with reference to credible sources of evidence. I don't consider that Oasis has provided new persuasive evidence (such as a conclusive statement from the warranty company addressing my points) to rebut this. I think it easily could have done. I am also not sure what Oasis means by the alleged contribution being 'independently verified by the warranty provider' when there are email trails showing it was the warranty company which asked Mr M for this contribution (along with persuasive evidence that he paid it).
3. I understand that VT is not the same as the statutory right of rejection under the CRA. For clarity my decision is implementing the remedy of rejection under the CRA. I am not looking to incorporate two remedies here. The fact that Mr M chose to VT the agreement before my decision is only relevant in so far as it relates to my redress – which seeks to put Mr M in a position had he been allowed to reject the car at an earlier stage (and not carried out a VT). He should not be disadvantaged but he will not get more than he otherwise would have got had he not decided to VT. So I do not agree with Oasis that my remedy amounts to double recovery here.
4. Mr M benefiting from the car by using it does not mean I am unable to award for impairment that occurred during said use. Even during these times the car was not functioning as expected. Here there is persuasive evidence to support that Mr M was experiencing some issues with shuddering/gear change difficulties over and above what would be reasonably expected. Both from his testimony and the nature of the fault with the car. As a result, and acknowledging these were relatively minor I think a 10% refund of monthly rentals he has paid is fair to reflect this.
5. I have already acknowledged that the higher deposit here has reduced Mr M's monthly payments considerably. However, as I have explained in my decision – this is offset by what appears to be Mr M using the car less than he would have due to the gearbox issues. I note that between entering the agreement and Report A being completed he had covered less than 1,500 miles – which is very low use. Furthermore, the overall mileage he covered in the 18 months or so of having the car is low compared to average annual mileage amounts. I note that Mr M has explained the fears he has had with the car particularly on motorways and his avoidance of driving it in this way. So I think his lower mileage is feasibly linked to the inherent faults. Furthermore, I have also acknowledged the deposit being refunded and not made a separate award for time Mr M has been out of the car due to repairs related to the inherent faults. As a result I think a return of the full deposit here is fair. However, it is also worth noting that refunding a deposit in any case (even if it is not as high as this one) reflects Mr M being taken out the agreement early due to matters that are not his fault. It allows him to enter into another agreement on similar terms and reflects that he had potentially lost equity in a car he could have ended up

owning were it not for the breach of contract by the supplier in respect of its quality.

6. While I accept the costs for certain repairs like a belt tensioner or water pump might relate to wear and tear – Mr M will not notably benefit from his investment in these due to rejection. Therefore, it is fair to refund these in any event. Furthermore, I have not proposed a refund of all his out of pocket costs for repairs and maintenance due to the reasonable running costs he would have had in any event related to his period of use.
7. I don't think the age and condition of the car is relevant here to an award for distress and inconvenience. What is relevant is the impact on Mr M. He has clearly suffered a great deal of inconvenience and worry here – and has described how it has negatively impacted his mental health over an extended period. I also note that Mr M did reach out to Oasis but by July 2024 it had rejected his concerns. With the evidence available I consider it could have supported him better and I am not sure how it would have supported him differently had he reached out even sooner. While this is not a science I note that Oasis has not suggested what it considers is a more proportionate award. In the circumstances, I do not think £350 is disproportionate noting the guidance on our website concerning situations that have caused considerable distress, upset and worry and where there is an impact over many weeks or months.

Putting things right

For the reasons given here (including my provisional findings as incorporated above) I make the direction below.

My final decision

I uphold this complaint and direct Oasis Motor Finance Limited to:

- Ensure the agreement is ended without any adverse impact on Mr M's credit file;
- refund the deposit of £4,000;
- refund Mr M any overpayment resulting from his decision to VT – ensuring he is only liable for monthly rentals relating to the period from agreement inception to the point the car was collected from him;
- refund 10% of each monthly payment he has paid relating to use of the car from the point of agreement inception to the point the car was collected;
- refund Mr M payment for the Expenses as specified above;
- pay 8% simple yearly interest on each refund calculated from the date of payment to the date of settlement; and
- pay Mr M £350 compensation.

If Oasis considers it should deduct tax from my interest award it should provide Mr M with a certificate of tax deduction.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 7 October 2025.

Mark Lancod
Ombudsman