

The complaint

Miss M complains about a car supplied to her using a hire purchase agreement taken out with Lendable Ltd (“Lendable”).

What happened

In March 2025, Miss M acquired a used car using a hire purchase agreement with Lendable. The car was almost ten years old, the cash price of the car recorded on the agreement was £7,995, the agreement was for 60 months, made up of 59 regular, monthly repayments of £193.10, followed by a final payment of £201.43. The mileage recorded on the agreement for the car was 59,192 miles.

Within two weeks of being supplied the car, Miss M said she experienced issues with it. She said the engine management light (“EML”) appeared on the car’s dashboard, as well as a low oil level warning. And that there was a screeching noise emanating from the left-hand side of the car. Miss M said she topped up the car with oil, but the warnings on the car’s dashboard still appeared.

Miss M informed both the supplying dealership and the credit intermediary and explained that she wanted to return the car, due to the issues she experienced with it.

Later, in March 2025, Miss M returned the car to the dealership. Miss M said she was told that there was no issue with the car, despite her saying she showed them evidence to the contrary.

Miss M left the car with the dealership and said she had since acquired a new car.

Miss M also complained to Lendable in April 2025 as she couldn’t resolve things with the supplying dealership and credit intermediary. She said that a payment had been taken as part of the agreement, despite being told by the credit intermediary that the agreement would be unwound.

Lendable issued their final response to Miss M in May 2025. In summary, they didn’t uphold Miss M’s complaint. They explained that an independent inspection was completed on the car, which didn’t identify any faults with it. As no faults could be identified, Lendable didn’t think the car was supplied of unsatisfactory quality and that the agreement could be unwound.

Unhappy with Lendable’s response, Miss M referred her complaint to our service in May 2025.

Our investigator upheld Miss M’s complaint. In summary, he thought that there was a fault with the car due to the evidence Miss M had supplied, which showed the EML was on the car’s dashboard. He also explained that although the inspection didn’t find a fault, it didn’t mean one wasn’t present, but rather it didn’t present itself during the inspection. The investigator thought Miss M could reject the car as she expressed her wish to do so within

30 days of acquiring the car. The investigator went on to explain what Lendable needed to do to put things right.

Lendable disagreed with the investigator's findings. Among other things, they thought the independent inspection report was more reliable evidence to rely upon in determining whether the car was of unsatisfactory quality at the point of supply.

As Lendable disagreed with the investigator's outcome, the complaint was 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'm upholding this complaint and I'll explain why below.

I'm aware I have summarised events and comments made by both parties very briefly, in less detail than has been provided, largely in my own words. No discourtesy is intended by this. In addition, if there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is a fair outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as an alternative to the courts.

Miss M complains about a car supplied to her under a hire purchase agreement. Entering into consumer credit contracts such as this is a regulated activity, so I'm satisfied I can consider Miss M's complaint about Lendable.

When considering what's fair and reasonable, I take into account relevant law and regulations. The Consumer Rights Act 2015 ("CRA") is relevant to this complaint. The CRA explains under a contract to supply goods, the supplier – Lendable here – has a responsibility to make sure goods are of satisfactory quality. Satisfactory quality is what a reasonable person would expect – taking into account any relevant factors.

I would consider relevant factors here, amongst others, to include the car's age, price, mileage and description. So, it's important to note that the car Miss M acquired was used, around ten years old, had been driven around 59,200 miles and cost around £8,000. I think a reasonable person would accept that it would not be in the same condition as a new car and was likely to have some parts that are worn.

What I need to consider is whether the car was of satisfactory quality when it was supplied. And in order to do that, I first need to consider whether the car developed a fault.

Had the car developed a fault?

In this instance, an independent report has been produced, following an inspection carried out to the car once it was returned to the supplying dealership. The inspection took place around a couple of weeks after the point of supply.

The report said that an OBD diagnostic check was carried out and that no warning lights were found. The report also said:

"I have conducted a detailed review of the [sic] all the information provided by [the supplying dealership] has advised that since the client has purchase [sic] the vehicle it came back to

them for an EML displayed on the instrument cluster however at the time of inspection all seem to be working fine without any issues.

I am clear of the opinion that this vehicle is was [sic] fit for purpose and sold in a durable condition at the time of the sale.”

Lendable believe this is persuasive evidence to suggest the car didn't have any faults present at the point of supply. On the other hand, Miss M has supplied photos to show several warning lights that appeared on the car's dashboard during the time it was in her possession, and before she returned it to the supplying dealership. There was a low oil level warning light as well as an EML on the car's dashboard.

I have no reason to believe these images taken were not from the car supplied to Miss M. So, I'm surprised that the inspection carried out soon after, hadn't identified these errors when they completed a diagnostic check – and that no present or historic fault codes could be found stored in the car's engine control unit (“ECU”). I think it would be reasonable to assume that, given the age of the car, being around ten years old, that there would have been some historic fault codes stored on the ECU. So, while I can't be sure of the reason why no recording of the EML appeared on the diagnostic check, it suggests either there is an issue with the ECU, or the fault codes were cleared before the inspection was carried out.

I'm also mindful of (the lack of) detail in the report that has been produced. It doesn't say how long the car had been test driven for, or what tests had been carried out, to determine the car was sold in a durable condition, other than basic checks to its oil and coolant levels and a diagnostic check.

So, I'm not persuaded by the comments made in the report, but rather I am by the testimony and evidence provided by Miss M. While I accept an EML in itself, doesn't confirm the root cause of a fault, I'm satisfied that it does at least indicate there being an issue with the car which needed investigating to determine the specific fault. So, I'm satisfied that there was likely a fault with the car, which presented itself within a few days of it being supplied to Miss M.

Was the car of satisfactory quality at the point of supply?

Considering the EML appeared on the car's dashboard shortly after the car was acquired, I'm satisfied the fault was likely present or developing at the point of supply.

Remedies under the CRA

I've gone on to think carefully about the remedies available to Miss M under the CRA. I've also thought carefully about the time that has elapsed, and the opportunity Lendable has had to resolve any issues with the car.

The CRA explains that a consumer has the “*short term right to reject*” if goods are of unsatisfactory quality and the consumer exercises this right within 30 days of the goods being transferred to their possession. I can see Miss M informed the credit intermediary within 30 days that she wished to reject the car and also informed the supplying dealership and Lendable that she had asked to reject the car within 30 days. I'm satisfied Miss M had a short term right to reject the car, and that she exercised this right within 30 days. It follows I'm satisfied Lendable should have allowed Miss M to reject the car, and I think it is fair and reasonable that Miss M should still be able to do this.

Miss M hasn't had use of the car since 24 March 2025, when she returned it to the supplying dealership. Given I'm satisfied that the car was supplied of unsatisfactory quality, and she

didn't have use of it after this time, I'm satisfied that Miss M should be refunded a pro-rata of any monthly repayments she had paid towards the agreement from this date up until when the agreement ends and the car is collected, if this hasn't happened already. To be clear, only reimbursements of monthly repayments actually made by Miss M for the use of the car after 24 March 2025 need to be refunded to her.

If there has also been any impact to Miss M's credit file after 24 March 2025, in relation to this complaint, it follows that I also think this should be removed.

Distress and inconvenience

Miss M has explained in detail the impact this complaint has had on her. She has explained the distance she has had to travel to return the car to the supplying dealership. And the impact of having a faulty car has had on her ability to be kept mobile and travel to work. Miss M has also explained that payments continued to be taken, despite her acquiring another car to remain mobile. Taking all this into account, I think Lendable should pay Miss M £300 for the distress and inconvenience this complaint has caused her.

My final decision

For the reasons I've explained, I uphold this complaint and I instruct Lendable Ltd to put things right by doing the following:

- End the agreement ensuring Miss M is not liable for monthly repayments after the point of collection (it should refund any overpayment for these if applicable).
- Collect the car (if this has not been done already) without charging for collection.
- Reimburse Miss M monthly repayments made from 24 March 2025, when the car was returned, to when the agreement ends and the car is collected. These amounts should have 8% simple yearly interest added from the time of payment to the time of reimbursement. If Lendable considers that it's required by HM Revenue & Customs to withhold income tax from the interest, it should tell Miss M how much it's taken off. It should also give Miss M a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue and Customs if appropriate.
- Pay Miss M £300 to reflect the distress and inconvenience caused.
- Remove any adverse information from Miss M's credit file in relation to the agreement, if any.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 15 December 2025.

Ronesh Amin
Ombudsman