

The complaint

Mr M is unhappy that a car supplied to him under a hire purchase agreement with Specialist Motor Finance Limited (SMF) was of an unsatisfactory quality.

What happened

In July 2024 Mr M was supplied with a used car through a hire purchase agreement with SMF. He paid an advance payment of £1,100 and the agreement was for £14,100 over 60 months; with 59 monthly payments of £216.50 and a final payment of £226.50. At the time of supply, the car was around eight years old, and had done 84,000 miles.

Mr M complained about several issues with the car. He said the car was with the supplying dealer from August 2024 to September 2024 for repairs and had to go back again in October 2024. He said the car had been with the garage on a number of occasions between July 2024 and December 2024.

Mr M said the car had been with the dealer since 20 December 2024. He said he was told by the dealer in February 2025 that further repairs had been done and he needed to collect the car. Mr M said he hadn't wanted the car to be repaired as had wanted to reject it.

Mr M said he collected the car but it broke down on the way home. He said the engine management light came on.

SMF said that Mr M complained to them on 30 December 2024. They said he complained about the brakes, and the car misfiring. They said they'd been told by the supplying dealer that it had replaced the brake pads, discs, and clutch. The dealer told SMF Mr M had contacted it on 19 December 2024 to say the car had broken down. It said that Mr M had driven the car home, despite it advising him not to. It said a fault had been found, and the spark plugs and coil packs were replaced. It said the car was still misfiring, and this may have been due to cylinder damage. It said this could have been caused by Mr M driving the car home on just two working cylinders.

Further investigation found a fault with the timing chain stretching. It replaced the timing chain, under the warranty, but found the injector had been damaged. It said this was because of Mr M driving the car after it broke down. It said that as a gesture of goodwill it replaced the injector.

SMF said they would need to be satisfied that there was a fault with the vehicle which was present at the point of supply as opposed to a fault which occurred due to general wear and tear. They said there was no evidence the car was faulty at the time of sale.

Mr M was unhappy with this response, so he referred his complaint to our service for investigation.

Our investigator said he'd been provided with four invoices for work done in the first six months, and he was satisfied that this was evidence that the car was likely faulty at the point

of supply. He was also satisfied that Mr M had not authorised the repairs done in January and February 2025, as he'd told SMF he wanted to reject the car.

So he said Mr M should be allowed to reject the car.

SMF didn't agree with the investigator. They provided comment from the supplying dealer – it said Mr M had caused the damage to the car when he drove it 55 miles when it was only firing on two cylinders.

Our investigator said there was no evidence that this is what had caused the damage, and invited SMF to provide further information.

In July 2025 SMF arranged for the car to be inspected by an independent engineer. The report concluded that there was no evidence of pre-existing engine faults or misfire at the point of sale. It said that the issue was first reported in December 2024, after the car had done 5,000 miles.

Mr M disagreed with the findings. He said it didn't reflect the full background. He said it failed to note the previous repairs, the persistent mechanical faults, repeated breakdowns, and a diagnostic report that confirmed the faults were consistent with what he'd reported.

Our investigator considered the report provided by SMF and Mr M's comments. He said he wasn't persuaded that the engine failure was caused by Mr M driving it after the breakdown. He said the misfire had been reported before the breakdown, and he was persuaded there were issues with the car's engine when it was supplied to Mr M, and he had a right to reject the car.

SMF disagreed. They said the earlier repairs were due to wear and tear and not a fault with the car. They said this wasn't unusual for a car that had done 84,000 miles.

Because SMF didn't agree, this matter has been passed to me to make 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.

Having done so, I've reached the same overall conclusions as the investigator, and for broadly the same reasons. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome.

Where evidence has been incomplete or contradictory, as it is here, I've reached my view on the balance of probabilities – what I think is most likely to have happened given the available evidence and wider circumstances.

In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and (if appropriate) what I consider was good industry practice at the time. Mr M was supplied with a car under a hire purchase agreement. This is a regulated consumer credit agreement which means we are able to investigate complaints about it.

The Consumer Rights Act 2015 (CRA) covers agreements such as the one Mr M entered into. Under this agreement, there is an implied term that the goods supplied will be of satisfactory quality. The CRA says that goods will be considered of satisfactory quality where

they meet the standard that a reasonable person would consider satisfactory – taking into account the description of the goods, the price paid, and other relevant circumstances.

Here, I'll consider that Mr M's car was around eight old and had covered 84,000 miles. So I don't think a reasonable person would expect it to be in the same condition as a newer, less road worn one. And I'm satisfied they would expect the car to have parts affected by wear and tear.

The case notes provided by SMF show that Mr M informed them on 30 December 2024 that he didn't want the car repaired. He said that he wanted to reject the car because of the faults.

In this instance, it's not disputed there was a problem with the car supplied to Mr M. The key issue I have to consider in my decision is whether or not any issues or faults with the car were due to wear and tear, or whether they were faults that were present or developing at the time of supply.

I'll also consider whether or not SMF has had the "Single Chance at Repair".

Mr M says he reported faults with the car within the first two weeks, and that the car had persistent issues with it.

It's not disputed that in August 2024 Mr M reported a noise when releasing the clutch to the dealer. The dealer said it replaced the brake pads, discs, and clutch.

After the front brake pads were replaced, the dealer told Mr M that the turbo actuator had seized. It told Mr M it was stripping it down to check if it was serviceable.

In September 2024 Mr M complained to the dealer again. In messages, the dealer said the noise was possibly coming from the timing chain and it had ordered a new timing chain kit. As no job sheets have been provided, it's not clear whether the timing chain was replaced at this point.

In October 2024 Mr M complained again to the dealer about the noise. The dealer told him the noise was from the new brakes, and they needed time to bed in. It also suggested the noise was due to brake dust and a jet wash should help. Mr M did this, but the noise was still present.

It appears the car was with the dealer on a few occasions between October 2024 and December 2024. It wasn't until late December 2024, after Mr M had broken down, that the dealer identified a misfire and replaced the coil packs and spark plugs. It told Mr M that the misfire was still evident on two cylinders, so further investigation was required.

On 9 January 2025 Mr M took the car to a main dealer who confirmed the misfire. It said it found a rear crank seal was leaking. Its report did not say whether this was related to the misfire, or how long it had been present for.

A diagnostic check on 23 January 2025 suggested the fault was due to a timing chain fault as the timing may have been slightly out. This was replaced in February 2025. But there were still problems with the car. The repairing garage reported injector damage. The supplying dealer blamed Mr M driving the car after the breakdown for this.

I'm satisfied there was a fault with the car. And I'm satisfied that the fault was present or developing at the time of supply. That's because from the first few weeks of ownership Mr M consistently complained about a noise with the car. And he's said that this impacted on how

the car drove. The supplying dealer attempted several repairs: replacing brakes, the clutch, coil packs, and spark plugs. It also identified issues with the turbo actuator, and twice with the timing chain – firstly in September 2024, and again in January 2025. None of these repairs appears to have fixed the problem.

Section 24(5) of the CRA says:

*“a consumer who has ... the right to reject may only exercise [this] and may only do so in one of these situations
(a) after one repair or replacement, the goods do not conform to contract.”*

This is known as the “single chance of repair”. And this applies to all issues with the goods, and to all repairs i.e., it’s not a single chance of repair for the dealership AND a single chance of repair for SMF – the first attempted repair is the single chance at repair. What’s more, if a different fault arises after a previous repair, even if those faults aren’t related, the single chance of repair has already happened – it’s not a single chance of repair per fault.

It’s clear to me that there have been several attempted repairs, and the fault was never fixed. I think it’s more likely than not that the failed repairs led to the engine failure, not Mr M driving following one breakdown. That’s because the car would not have broken down if the fault had been fixed on one of the several occasions the garage attempted to fix it since August 2024.

The CRA is clear that, if the single chance at repair fails, as was the case here, then the customer has the right of rejection.

Independent Engineer’s Report

I’ve seen a copy of the independent engineer’s report, dated 4 August 2025. In this report, the engineer concluded that the engine damage happened *“as a result of continued use while in a distressed state”*.

He also said that the supplying dealer offered *“multiple opportunities for recovery and repair, which were either delayed or declined by the vehicle owner”*.

The engineer also said that the misfire and associated running issue weren’t reported until December 2024. This doesn’t account for the number of times Mr M reported problems with the car before then, and the number of attempted repairs. I suspect this may have been because the engineer wasn’t given the full history.

The evidence I’ve seen – which itself isn’t complete and has been pieced together from images of phone messages, copies of invoices, and contradictory testimonies – persuades me that that the fault was more likely than not, present from before the breakdown in December 2024.

The engineer concludes that the *“root cause (a faulty injector) may have been a developing fault, but the consequential damage to the cylinder head and valve was induced by prolonged driving in this condition.”*

I agree. The injector was faulty, and it seems this was a developing fault. But I don’t think it was the described 55-mile drive following the breakdown that caused the damage – I think it was the prolonged driving caused by the dealer’s failure to diagnose and fix the fault, despite the number of opportunities, and time spent in the dealer’s garage.

So I'm satisfied the car was faulty, and the fault was present or developing at the time of sale. I've seen no evidence that persuades me the parts were replaced because of wear and tear. It appears to me that parts were fitted as attempts to fix the issues Mr M had with the car.

And because the car was faulty, and because there has been more than one attempted repair, Mr M had the right to reject the car. And I'm satisfied that he told SMF that he wanted to reject the car, on 30 January 2024, before repairs in 2025 were attempted.

Putting things right

Payment Refund

The car was off the road and undrivable from 20 December 2024. Prior to this Mr M drove the car for around 5,000 miles. He was also provided with a courtesy car for most of the time the car was with the supplying dealer for repair. I think it's only fair that he pays for this usage. So, I won't be asking SMF to refund any of the payments he made up to December 2024.

But he hasn't used the car since then. And he wasn't supplied with a courtesy car. As such, he was paying for goods he was unable to use. As, for the reasons already stated, I'm satisfied the car was off the road due to it being of an unsatisfactory quality when it was supplied, and as business failed to keep him mobile, I'm satisfied they should refund the payments he made from 20 December 2024.

Other Costs

Mr M said that he incurred costs for diagnostic reports, and towing and recovery of the car. Given that the car wasn't of a satisfactory quality when supplied, I think it's only fair that SMF reimburse these costs. Mr M hasn't provided evidence of these costs. SMF should reimburse these costs on the production of any proof of payment from Mr M.

Distress & Inconvenience

It's clear that Mr M has been inconvenienced by having to arrange for the car to be repaired on many occasions, and by these repairs being unsuccessful. And he was further inconvenienced by not being provided with a courtesy car on every occasion. He's also been unable to use the car, and this has impacted his ability to work, and he's suffered financially because of that.

This wouldn't have happened had SMF supplied him with a car that was of a satisfactory quality. So, I think SMF should pay him £500 in compensation to reflect the distress and inconvenience caused. This reflects the impact on him directly, his financial situation, the amount of time he's had to spend in communication with the garage, and the disappointment following the many failed attempts.

Therefore, SMF should:

- end the agreement with nothing more to pay;
- collect the car at no cost to Mr M (if not already done);
- remove any adverse entries relating to this agreement from Mr M's credit file;

- refund the £1,100 deposit Mr M paid (if any part of this deposit is made up of funds paid through a dealer contribution, SMF is entitled to retain that proportion of the deposit);
- refund the monthly payments Mr M has made from 20 December 2024;
- apply 8% simple yearly interest to the refunds set out above, calculated from the date Mr M made the payment to the date of the refund[†]; and
- pay Mr M an additional £500 to compensate him for the distress and inconvenience caused by being supplied with a car that wasn't of a satisfactory quality.

[†]If SMF considers that tax should be deducted from the interest element of my award, they should provide Mr M with a certificate showing how much they have taken off so he can reclaim that amount, if he is eligible to do so.

My final decision

For the reasons explained, I uphold Mr M's complaint about Specialist Motor Finance Limited. And they are to follow my directions above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 14 October 2025.

Gordon Ramsay
Ombudsman