

## **The complaint**

Mr R complains that a car supplied to him under a hire purchase agreement with MotoNovo Finance Limited is of unsatisfactory quality.

## **What happened**

In December 2023 Mr R entered into a hire purchase agreement with MotoNovo Finance Limited (MNF) to acquire a used car. The car was over nine years old, with a mileage of around 92,479. The cash price of the car was £6,349.00 with an advance payment of £350.00. The total amount payable on the agreement was £7,715.56 with an agreement term of 37 months. This was made up of 35 monthly repayments of £204.56, with a final repayment of £205.56 including an option to purchase fee.

Mr R explained that he'd encountered a leak with the gearbox of his vehicle, he'd raised a complaint about this, with the complaint reaching this service. Mr R's complaint was upheld as the vehicle was deemed not of satisfactory quality when it was supplied, and MNF were to be responsible for the costs of repairing the vehicle, with the repairs taking place in November 2024.

Following this, Mr R received a safety recall notice in January 2025. During the work required to rectify this, a potential oil leak was noted with excessive oil in the boost pipe. As this was soon after the work carried out to repair his vehicle, Mr R contacted MNF. A diagnostic was obtained showing a pipe from the turbo was leaking excessively and needed replacing.

An independent inspection was requested by MNF. The inspecting engineer discovered a fault, but explained that the fault was not likely to have been present or developing at the point of supply. Mr R complained to MNF about the issue. MNF issued its final response, in which it did not uphold Mr R's complaint due to the information obtained in the inspection report.

Mr R was unhappy with this and so brought his complaint to this service where it was passed to one of our investigators. The investigator upheld the complaint. It was their opinion that an opportunity to repair a fault had been given as a result of the previous complaint, and this repair had failed to resolve things meaning the vehicle remained of unsatisfactory quality when it was supplied.

The investigator explained a rejection of the vehicle is fair at this point along with refunding 10% of the monthly payments Mr R had made to the agreement due to impaired usage of the vehicle. Mr R initially disagreed with the outcome and supplied some further comments. The investigator supplied further reasoning with Mr R agreeing with the outcome. MNF asked the independent inspector for further comments and supplied these to the investigator asking if it made a difference. The investigator explained this did not change the outcome, but MNF did not respond. So, I've been asked to review the complaint and 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.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant to the complaint. If I don't comment on any specific point it's not because I've failed to take it on board and think about it, but because I don't think I need to comment on it in order to reach what I think is the right outcome on this complaint.

Mr R acquired a car under a hire purchase agreement. Entering into consumer credit contracts like this is a regulated activity, so I'm satisfied we can consider Mr R's complaint about MNF. MNF is also the supplier of the goods under this type of agreement meaning they are responsible for a complaint about the supply of the car and its quality.

The Consumer Rights Act 2015 (CRA) is relevant in this case. It says that under a contract to supply goods, there is an implied term that "the quality of the goods is satisfactory, fit for purpose and as described". To be considered as satisfactory, the CRA says the goods need to meet the standard that a reasonable person would consider satisfactory, considering 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 consider might include things like the age and mileage at the time of sale and the vehicle's history.

In this case, Mr R acquired a car that was over nine years old and had travelled around 92,479 miles. As this was a used car with this mileage and age, it's reasonable to expect parts may already have suffered more wear and tear when compared to a brand-new car or one that is less travelled. There's a greater risk this car might need repair and/or maintenance sooner than a car which wasn't as road-worn.

I've reviewed the available evidence about the issues Mr R experienced with the car. Based on what I've seen, I'm satisfied that there was a fault with the car. I say this because neither MNF nor Mr R dispute the vehicle had faults with an oil leak being apparent. I've also seen an independent report explaining the vehicle does have faults.

Having considered the car had a fault, I've considered whether the repairs carried out as a result of the previous complaint or any new faults meant it was of satisfactory quality at the time of supply. This is because the vehicle has already been found to have been of unsatisfactory quality when it was supplied previously. As a note, I can't decide on anything that was raised in the previous complaint, but I may need to refer to it for context in this decision.

I can see that the vehicle was inspected by an independent inspector in April 2025. The mileage of the vehicle was noted as 107,466. The inspector noted oil on the undertray, and a leak from the turbocharger running down the turbocharger hose consistent with turbocharger bearing oil seal failure. The inspector also noted that further investigation would be required to confirm. The inspector explained this is most likely down to wear and tear based on the age and mileage of the vehicle and the miles travelled by Mr R since owning the vehicle.

Importantly to this complaint, the inspection does not comment on the gearbox or parts connected to it, and the inspection appears to have focused only on the turbocharger. This is important in this complaint as part of the previous repair appears to have been removing the gearbox to carry out the repairs needed. I say this because 'gearbox out', is listed on paperwork. As part of this, the turbo boost pipe has been found to be excessively leaking oil.

It has been stated that research suggests this part usually needs to be disconnected when removing the gearbox. This is because the turbo system is often connected to components that need to be moved or removed during gearbox removal, and disconnecting the hose could prevent damage to it, the turbo or intercooler.

In the absence of any other evidence, this persuades me that the boost pipe was likely disconnected as part of the repairs to the car carried out after it was found not of satisfactory quality. As this part was then found to be excessively leaking oil around 2,000 miles and around three months later, I'm also persuaded that it likely wasn't reconnected properly, or that it was damaged whilst the repairs were carried out as I have no other information that persuades me differently. The inspection report didn't comment on this aspect, but the additional comments obtained by MNF from the inspector do. They explained that the leak could potentially be from a pipe that was disrupted during the gearbox repair. However they cannot advise this. Potentially the part could have failed due to regular wear and tear due to the age and mileage of the vehicle, however, as this part was likely to have been worked on as part of the repairs, I'm persuaded this was most likely the cause of it due to the time passed between the repair and the fault.

It follows that as I'm persuaded the damage likely occurred during the repairs to the vehicle, it remained of unsatisfactory quality causing further damage in the form of the oil leak. Because of this, I'm persuaded it is fair for MNF to then put things right.

### **Putting things right**

As I've concluded that the car was not of satisfactory quality when it was supplied, I think it's reasonable MNF should put things right.

In this case, I do think Mr R should be allowed to reject the vehicle as laid out by the CRA. I say this because there has been an attempt to repair the vehicle, however this repair has either failed, or not been carried out correctly causing further damage.

As such, MNF will need to cancel the agreement with nothing further to pay in relation to the monthly payments, arrange to collect the vehicle at no cost to Mr R if this has not been done already and refund Mr R's deposit payment. MNF is entitled to retain any part of the deposit made up of dealer contributions.

Mr R has been able to continue to use the vehicle, and I think it's fair that he pays for that usage, so, MNF is entitled to retain one a monthly payment for each month Mr R had the vehicle from the start of the agreement to the settlement date. However I agree with the investigator that MNF should refund 10% of each monthly payment Mr R made. This is because the car will not have been performing correctly during a significant period of time that Mr R had it. It is also fair that MNF pays Mr R £250 for the distress and inconvenience caused here. I say this because Mr R has been trying to have the issues with his vehicle resolved for a significant period of time, with a failed repair also happening. This will have taken time, effort and caused some inconvenience over an extended period of time.

### **My final decision**

For the reasons explained, I uphold Mr R's complaint and instruct MotoNovo Finance Limited to do the following:

- End the agreement with nothing further to pay in as outlined above.
- Collect the vehicle as outlined above.

- Refund the advance payment as outlined above. MotoNovo Finance Limited is entitled to retain any part of the deposit made up of dealer contributions.
- Ensure Mr R has only paid one monthly payment for each month of owning the vehicle from the start of the agreement to the date of settlement and reimburse 10% of each monthly payment as outlined above.
- Pay 8% simple yearly interest\* on the above, to be calculated from when Mr R made the payments to the date of the refund.
- Pay £250 for distress and inconvenience caused.
- Remove any adverse information about the agreement from Mr R's credit file if applicable.

\*HM Revenue & Customs requires MotoNovo Finance Limited to deduct tax from the interest amount. MotoNovo Finance Limited should give Mr R a certificate showing how much tax it has deducted if he asks for one. Mr R can reclaim the tax from HM Revenue & customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask to accept or reject my decision before 18 December 2025.

Jack Evans  
**Ombudsman**