DRN-5818338

The complaint

Miss S complains about a car supplied under a hire purchase agreement, provided by STARTLINE MOTOR FINANCE LIMITED ('SMF').

What happened

Around February 2024 Miss S acquired a used car under a hire purchase agreement with SMF. The car is listed with a cash price of £6,295 on the agreement and was around seven years old. SMF said the car had covered around 81,898 miles. The agreement shows Miss S paid no deposit and was due to make repayments of £163.67 a month for 60 months.

Unfortunately, Miss S says the car developed issues. She said as soon as she got it, she noticed a knocking noise from the front of the car and tried to resolve this with the dealer, but she says she got no response. She said a local garage told her the car needed an oil change, front top strut mount and a front shock. She says the quote was for £932.77. She says she again contacted the dealer at this point but didn't get a response.

Miss S then says the air conditioning stopped working and needed to be re-gassed.

Miss S says she had the oil changed at the end of April 2024 once she could afford it, which cost £234.65.

She said a garage then did a health check which showed the subframe of the car was rusty and it was 'water-logged'. She said the garage told her the car wasn't fit to drive and needed a mount and a joint replaced urgently. She said this cost £297.35 and £103.37.

Miss S then says another garage explained the air conditioning needed a new compressor and quoted her around £2,000.

In August 2024 Miss S complained to SMF. She said the air conditioning had needed re-gassing twice, that there was a knocking noise under the car that had needed a repair and that the car was 'waterlogged' and rusty underneath. Miss S also said she'd paid a £500 deposit to the dealer, but this wasn't reflected on the credit agreement.

SMF arranged for an independent inspection of the car that took place at the end of September 2024.

SMF issued its final response in October 2024. In summary, this said the independent report had not shown any faults were present or developing at the point of supply. It also said there was no evidence to show the details about the deposit on the credit agreement were incorrect.

Miss S remained unhappy and referred the complaint to our service.

Miss S explained her family situation meant she couldn't drive the car as it is too hot. She explained this meant she had to acquire a second car. And she said when the inspector looked at the car they didn't check the air conditioning or rusted subframe.

Our investigator issued a view and upheld the complaint. He said, in summary, that he wasn't persuaded by the conclusions of the independent inspection due to the time elapsed since the faults first appeared and the report being carried out. He said he thought the issues with the suspension were present or developing at the point of supply and this meant the car was not of satisfactory quality. He said he thought the issues with the air conditioning were not SMF's responsibility as he said this was a 'wear and tear' item.

Our investigator said SMF should repair the suspension, reimburse the cost of the repair to the top strut mount and pay her £150.

Miss S responded and said the air conditioning was a mechanical issue as the compressor is broken. She said she's had it regassed a few times, but it only works for a few days. She later said she only realised it didn't work when the weather got warmer and so didn't notice for a few months after she got the car.

SMF responded and said it didn't agree with our investigator. It said, in summary, that the independent report said the car was fit for purpose due to its age and mileage.

Because SMF disagreed, the case was passed for an ombudsman's decision.

Miss S then explained she had sold the car and settled the finance. She said this was because she couldn't use the car to transport her family due to the issues with it and believing it was unsafe.

She also said when she sold the car, the buyer told her it had possibly been in a crash. And Miss S explained she'd had to take out a loan to pay the finance off.

Our investigator then asked Miss S for some further information. She provided a purchase invoice from a car buying company. This showed the car was valued at £1,929.50 and finance was settled of £5,325.37. Miss S also paid a £49.99 transaction fee.

SMF provided a statement of account showing the balance was settled on 30 June 2025.

Our investigator then issued a second view. He explained, in summary, that he now thought it would be reasonable for SMF to pay Miss S 70% of an estimated repair cost to reflect the fact that he thought the car's value would've been lower than it should've been when Miss S sold it. He said Miss S should be reimbursed £234.65 for 'diagnostics'. He said SMF should reimburse her 10% of all repayments from April 2024 to reflect impaired use of the car. And he said SMF should pay her £250 for the distress and inconvenience caused.

SMF responded and said its position remained the same.

Miss S responded and said she had no further evidence. She said the issues had caused her significant stress, inconvenience and financial loss. She also said it was very unfair the independent report didn't investigate the issues she raised.

As SMF remained unhappy, the case was passed to me to decide.

I sent SMF and Miss S a provisional decision on 29 August 2025. My findings from this decision were as follows:

I should start by explaining to both parties that I might not comment on every piece of evidence nor point raised. Instead, I'm going to focus on what I think are the key facts and the crux of the complaint. This reflects the informal nature of our service.

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

When considering what's fair and reasonable, I take into account relevant law, guidance and regulations. The Consumer Rights Act 2015 ('CRA') is relevant to this complaint. This says, in summary, that under a contract to supply goods, the supplier – SMF here – needed to make sure the goods were of 'satisfactory quality'.

Satisfactory quality is what a reasonable person would expect, taking into account any relevant factors. I'm satisfied a court would consider relevant factors, amongst others, to include the car's age, price, mileage and description.

So, in this case I'll consider that the car was used, around seven years old, had covered over 80,000 miles and cost around £6,300. This means I think a reasonable person would not have the same expectations as for a newer, less road worn car. I think they would expect parts of the car to have suffered from wear and tear. But, I think they would expect it to be fully functional, free from anything other than reasonably minor faults and would expect trouble free motoring for a short time.

What I need to consider in this case is whether I think Miss S's car was of satisfactory quality or not.

Miss S has complained about three main issues, a problem with the suspension, a failed air conditioning compressor and issues with the subframe.

Firstly, I've thought about whether Miss S's car had these faults.

In relation to the suspension, I've seen a copy of an invoice from the end of April 2024 where the mileage was recorded as 85,504. This was for £234.65 and stated:

"Carry out an engine and oil filter replacement, investigate cause of knocking over small bumps, possible front shock absorbers and top strut mounts both sides"

The independent report from September 2024 stated:

"when performing a 4mile road test at speeds of up to 30mph we noted a knock from the nearside front suspension, consistent with a deteriorated strut top mount"

Thinking about this, I'm satisfied Miss S's car had a fault with the suspension.

I've then considered the issue with the air conditioning. In a follow-up response, the company that produced the independent report explained:

"We would note that when testing the air conditioning system there was a rotational whining noise coming from the air conditioning compressor assembly."

Miss S has also been very consistent with her testimony here. Having considered all of this, I'm satisfied Miss S's car had a failed air conditioning compressor.

I've then thought about the subframe of the car. In its follow up response, the company that produced the independent report stated:

"The subframe is not damaged and as such it is just suffering from corrosion. We have noted that when gently tapping the corrosion and welds to the subframe and mounting areas on

the subframe, the metal was still solid and did not perforate or create any holes. Therefore, although it may now be an advisory it would not fail an MOT."

I've not seen other evidence that makes me question the conclusions drawn here. So, I find the car didn't have a fault with the subframe.

In summary, I find the car had faults with the suspension and air conditioning compressor, but not the subframe.

I now need to consider if these faults meant the car was of unsatisfactory quality when supplied. Before this, it's important to consider when these faults likely occurred.

In relation to the suspension, Miss S has been consistent with her testimony that she immediately noticed the car making a knocking noise. The invoice from the garage above is from around two months after Miss S had acquired the car, and shows it had covered just over 3,500 miles. On balance, I think it's most likely this fault was present, or certainly developing, when Miss S acquired the car.

I've then thought about the air conditioning. I appreciate the independent report was from some time after Miss S acquired the car. But there is some earlier evidence of a fault. Miss S explains she assumed the air conditioning needed to be regassed when she realised it wasn't working, which seems reasonable. And on the same invoice from April 2024 this states:

"Unable to carry out an aircon gas due to type of gas"

So, I'm satisfied this shows the air conditioning wasn't functioning at this point. Miss S has also explained she didn't use the air conditioning until around this time due to the weather. Given she lives in the UK, it seems reasonable she might not have needed to cool the car during February and March, so this seems entirely plausible to me. I appreciate there is something of a lack of evidence to back this up, but I'm satisfied on balance it's most likely the fault with the air conditioning was also present when Miss S acquired the car.

I've carefully thought about what the independent report says here. This explained:

"Considering the vehicle has incurred 9'953 miles since purchase we would consider, based on our engineering perspective, that these faults would not have been present at the point of vehicle sale."

However, the report also records:

"Failure Date 01/08/24"

As above, I'm satisfied there is evidence of these faults from several months prior to this, and when the car had covered several thousand fewer miles. The report makes no reference to any consideration the faults might have occurred earlier. So, the opinion here does not change my conclusions above.

Thinking about satisfactory quality, I don't think a reasonable person would expect Miss S's car to have suspension parts than were in need a replacement when it was supplied. So, I find it was of unsatisfactory quality due to this.

Our investigator explained he didn't think the air conditioning should be considered as part of satisfactory quality as it was a wear and tear item and 'general car maintenance'. Respectfully, I disagree. I'm satisfied a reasonable person would expect the car to be fully *functional, including the air conditioning. And it's important to note I'm satisfied the car suffered from a failed part and did not just need maintenance. So, I also find the car was of unsatisfactory quality when it was supplied due to the air conditioning.*

I've then gone on to consider what would be reasonable to put things right. It's worth first setting out that I don't agree with our investigator's recent findings here. He recommended a 70% reimbursement of a quote for a repair. But I've seen no evidence Miss S actually incurred this loss. The quote was from a significant time prior to Miss S selling the car. And he did not consider the air conditioning issue as I've set out above.

I appreciate Miss S has now sold the car. I'll cover this off later, but as a starting point I've considered what I would have recommended if this hadn't taken place. Our investigator initially recommended a repair. A repair would've been one remedy available to Miss S under the CRA. Clearly this isn't possible at this point, and I've had in mind SMF declined to do this at the time. And the CRA explains in relation to a repair:

"If the consumer requires the trader to repair or replace the goods, the trader must—

(a)do so within a reasonable time and without significant inconvenience to the consumer"

Thinking about this, had Miss S still had the car at the time of writing, clearly a repair would not be within a reasonable time considering the faults were present in February 2024. I'll comment on this further below, but I'm also satisfied not having air conditioning was also a 'significant inconvenience' to Miss S during this time. I've also considered that due to the potential cost of a repair and the age of the car, this could well have also been economically unviable.

Miss S explained she wanted to reject the car when she referred the complaint to our service. Thinking about all of this, I find it would've been reasonable to allow Miss S to reject the car. Clearly at this time this is no longer possible as she sold it. So, I've considered whether it was reasonable for her to do so. In other words, I've thought about whether Miss S had to sell the car under the circumstances due to the faults, or whether she simply chose to and so did not mitigate her losses.

I've carefully considered this. Miss S has explained she needed the car to transport her young family. Considering the specific information she told our service about the ages involved and their health conditions, I can see why having working air conditioning could be viewed as almost essential here. At the point Miss S sold the car, SMF had both not upheld the complaint and disagreed with our service upholding it and recommending a repair. And she sold the car nearly a year after complaining to SMF.

I've also thought about who she sold the car to and again if this meant Miss S mitigated her losses. She sold the car to an online car buying business. On one hand, this may have meant she didn't get the best price for it. But, on the other, I've considered that the car wasn't fully functioning and had issues with it, meaning her options for buyers were likely limited. And in any event, I've not seen evidence she could've got a higher amount, nor what this amount was.

Under the circumstances, I find Miss S acted reasonably here. And this means, in terms of putting things right, I think it's fair and reasonable to put her as close to the position she would've been in had the car been rejected.

I've thought about the deposit Miss S says she paid. On the agreement, the deposit is listed as £0.00. On an invoice, it explains Miss S part exchanged a car that had negative equity on finance of £203.24, which Miss S paid as a 'deposit', meaning the full cash price of the new *car was financed. I suspect this is where any confusion comes from, and I’m satisfied this means, essentially, Miss S didn’t pay a ‘deposit’ under this agreement. But I will of course reconsider this if she can provide further information.*

This means, in broad terms, had Miss S rejected the car she would’ve handed it back and the finance agreement would’ve ended with nothing further to pay. Miss S no longer has the car and the finance has ended. But, I’m satisfied there is a loss here that would not have been incurred had the rejection taken place.

When the car was sold and the finance paid off, Miss S had to pay £3,445.86. I find it reasonable this is reimbursed.

I’m also satisfied Miss S had impaired use of the car from when she acquired it. As above, I think the air conditioning not working likely had more of an impact on Miss S than it might on another consumer. Thinking about what’s fair and reasonable, I find SMF should reimburse 20% of the payments towards the agreement.

Miss S explained she acquired a second car and didn’t use this one at some point. But I haven’t seen evidence of this. And I’ve had in mind when the car was sold it had completed around 12,000 miles. So I think it’s likely she was using it when it was in her possession and so SMF can retain the remainder of payments made.

I’m also satisfied Miss S suffered distress and inconvenience here. I think it must have been stressful realising the car wasn’t as expected. She’s had to take time out to attempt to resolve the issues. She explained she had to take out further finance to pay off the outstanding balance. And I also think the impact on Miss S of having concerns about her family in the car must have been very distressing.

Our service’s approach to payments for distress and inconvenience can be found on our website. I’ve had this guidance in mind, and I’m satisfied Miss S was caused distress over a period of well over a year. So I find SMF should pay her £350 to reflect this.

Finally, I’ve thought about the other expenses Miss S said she had. In summary, she explained she’s paid for various repairs and had the air conditioning regassed to try to get it working. However, and while I understand the potential difficulty in gathering information, she hasn’t been able to provide invoices for these expenses.

I’ve considered that she’s shown payments to garages from her bank, and she’s explained what these were for. But, without further evidence I don’t think it would be reasonable to require SMF to reimburse these.

Miss S has provided an invoice from April 2024 as referenced above, which was for a cost of £234.65. Our investigator said it was reasonable to reimburse this as it was a diagnostic. However, I disagree. This invoice does list that the garage investigated the suspension issues, but it is itemised and did not appear to charge for this. The items charged for were “oil filter” and “engine oil”. I appreciate this is very early after acquiring the car to require a service, but I don’t know what Miss S was told about the service history when she got it.

Miss S had the car for over a year past this point, so I’m satisfied she benefitted from the service. Thinking about all of this, I find it is not reasonable for this cost to be reimbursed.

I gave both parties two weeks to respond with any further comments or evidence. Miss S and SMF both replied making points for me to consider.

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 carefully thought about what SMF said in response to my provisional decision. SMF should note while I've reviewed everything it said in full, I'm going to summarise here and focus on the key points.

SMF said it wasn't initially aware of the issues and said Miss S didn't follow the correct process by only speaking to the dealer and warranty company at the time. I've carefully thought about everything it said here, but I don't think Miss S acted unreasonably with how she initially attempted to resolve things.

SMF said air conditioning needs maintaining and thought this would generally need regassing around every two years. But I'm satisfied here the fault was a failed compressor – this is not part of routine maintenance.

SMF said Miss S had repairs to the suspension carried out without its permission and without it authorising things. And it said she drove the car with a known fault. Again, I've carefully thought about this, but I'm not persuaded she acted unreasonably in this particular case.

SMF said, in summary, that this situation left it with a larger liability than it would've had under a 'standard return scenario'. But this doesn't change my opinion about what would be fair and reasonable to put things right.

Miss S said she had to take a £5,000 loan to cover costs when she sold the car. And she reiterated how stressful the situation was.

Having thought about everything again, I still think the complaint should be upheld for the reasons explained in my provisional decision and set out above.

My final decision

My final decision is that I uphold this complaint. I instruct STARTLINE MOTOR FINANCE LIMITED to put things right by doing the following:

- Reimburse Miss S £3,445.86 from 25 June 2025*
- Reimburse Miss S 20% of all repayments made towards the agreement*
- Pay Miss S £350 to reflect what happened
- Remove any adverse information from Miss S's credit file in relation to this agreement

* These amounts should have 8% simple yearly interest added from the time of payment to the time of reimbursement. If SMF considers that it's required by HM Revenue & Customs to withhold income tax from the interest, it should tell Miss S how much it's taken off. It should also give Miss S a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue and Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 13 October 2025.

John Bower
Ombudsman