

The complaint

Miss L is unhappy with the way Startline Motor Finance Limited dealt with her when she sought to return a car it supplied under a hire purchase agreement.

What happened

In July 2024 Miss L entered into a hire purchase agreement with Startline for a used car. The car was around seven years old and had been driven around 58,000 miles. The cash price was £11,999.

In March 2025 Miss L's car broke down so she raised a formal complaint with Startline as she didn't think it was of satisfactory quality when it was supplied.

An independent inspection was carried out which concluded that the car was not of satisfactory quality at the time of sale. And so, Startline agreed that Miss L could reject it.

In doing this they said they would allow her to return her car, refunding any finance payments from when she wasn't using it. They also paid her £300 for the distress and inconvenience she experienced.

Miss L wasn't happy with the proposals put forward by Startline to put things right. She also felt that the car was misrepresented to her because it didn't have a full service history and that this hadn't been considered by Startline.

Unhappy with the outcome of her complaint, Miss L brought it to our service.

During our investigations, Startline submitted a further independent inspection report which disputed the findings of the original one provided by Miss L. They said they didn't think the problems with the car were present at the point of sale.

One of our investigators looked into everything and thought Startline should do more to put things right. He said that they needed to pay 8% simple interest on any finance payments they refunded. He also thought they should reimburse her the hire car costs she paid as well as the money she had to pay to retain her number plate. He said he felt that the car had also been misrepresented to her but explained that this didn't change how he expected Startline to put things right. He felt that overall, the distress and inconvenience amount offered by Startline wasn't enough and that they should pay Miss L £400 in total.

Miss L disagreed and so asked for an Ombudsman's decision. I previously issued a provisional decision on this complaint as my findings were different from that of our investigator. In my provisional decision, I said:

Miss L has gone into great detail in setting out her concerns, and while for reasons of brevity I might not address each aspect individually here, I'd like to assure her that I've carefully read and considered all that she's said. Where I haven't directly addressed a complaint point individually, it's because I'm satisfied doing so would have no material impact on the overall outcome.

Miss L acquired her car using a hire purchase agreement and so The Consumer Rights Act 2015 ("CRA") is a relevant legislation for this complaint. The CRA sets out expectations and requirements around the quality of goods supplied. In summary, goods should be of satisfactory quality. Section 9 of the CRA says that goods are of satisfactory quality if they meet the standard that a reasonable person would consider satisfactory. When considering the quality of a car, the age, mileage and price are things that need to be taken into account.

To begin with, I want to acknowledge that I've noted Miss L's arguments about how she feels the agreement was misrepresented to her. She has argued that this misrepresentation should have a bearing on how things should be put right for her. In particular, she feels she should be refunded all the monthly payments she made toward the agreement.

I want to point out, that even if the car was misrepresented, this doesn't mean that the way to put things right would differ significantly to what I would expect if the car was returned because it was of unsatisfactory quality.

I've also considered the independent report provided by Startline which said the car was of satisfactory quality at the point of supply. Startline had already agreed that Miss L could return her car prior to this report. As they had already agreed to the return of the car, I think it is reasonable that the remedy offered as part of this is in line with the CRA and what is fair and reasonable.

And so, as Startline agreed to allow Miss L to reject the car, I've focused on whether they've done enough to put things right under the CRA. This is because the remedies set out for if a car is returned for misrepresentation or because it is of unsatisfactory quality are broadly similar.

After doing so, I think Startline need to do more here to put things right for Miss L. I will explain more about this below.

I know Miss L feels she should receive a full refund of payments she made towards the agreement, but I don't agree this is a fair remedy in these circumstances. This is because Miss L had use of her car from when she acquired it until March 2025. The CRA sets out that a finance company can charge an amount for fair usage once a car is rejected. The Act doesn't outline a defined way to calculate what fair usage should be. As a fair and reasonable remedy, our service believes that retaining any finance payments made toward the agreement while the car was driveable and has been in use is fair.

So, as Miss L had full use of her car between July 2024 and March 2025, I think it's fair she doesn't receive a refund of finance payments during this time. Startline has retained eight monthly payments which I think reflects the period of time she was able to use her car. She has received a refund of any other payments.

Startline should pay her 8% simple interest on the refunded payments from the date she paid them to when they were refunded. They should also do the same with the deposit Miss L paid as part of her agreement. This is because Miss L has been without use of these funds during this time.

Miss L has provided evidence that she incurred hire car costs of £188.97 because the car was of unsatisfactory quality and she was unable to use it. I consider this an associated loss because it wouldn't have been experienced if the car had been driveable and of satisfactory quality.

Miss L also paid £80 to retain her private plates. I also think this is an associated loss of the car not being of satisfactory quality because if she didn't have to return it, she wouldn't have incurred it.

Miss L paid £195 for the initial independent report which demonstrated the car was not of satisfactory quality when it was supplied. Miss L has not been reimbursed this cost but as it was used to evidence why the car should be returned, I consider this an associated loss which Startline should pay.

So, I think Startline should refund Miss L the hire car cost, what she paid to retain her private plates and the amount she paid for the initial independent report.

Startline should pay Miss L 8% simple interest on the above costs (hire car costs, money to retain the private plates and the independent report) from when they were paid to when they have been reimbursed. This is because Miss L has been without use of these funds during this time.

Startline has offered Miss L £300 to acknowledge the distress and inconvenience the rejection of the car has caused her. I've carefully considered the impact all of this had on Miss L.

I think £300 is a fair amount to acknowledge the emotional distress that Miss L has experienced because of the faults and subsequent return of her car. Miss L had to arrange for an independent inspection report to be carried out and had to borrow a car so she could be kept mobile while she was sorting everything out. I can understand why Miss L found all that has happened frustrating. And overall, I think £300 is a fair amount to acknowledge the distress and inconvenience she experienced here.

Miss L replied to my provisional decision and in summary said:

- That the situation has and still does, affect her daily life because of the extreme stress it caused her and she doesn't feel the outcome reflects this.
- That she didn't think it was fair Startline submitted a further report after allowing her to reject the car and she is unhappy with their conduct throughout this process.
- She still disagreed Startline should keep some monthly repayments as she doesn't think this is inline with fair usage.

Startline also replied and said they mostly agreed with my provisional decision apart from the reimbursement of the hire car costs and the costs to retain her private plates.

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 reviewed Miss L's comments and note that she hasn't submitted anything that I haven't already considered in my provisional decision, so I won't repeat my findings again here.

Startline has said they don't think they should reimburse the costs of retaining the private plates as it was a cost Miss L would've always had. I disagree. Miss L would have had the option to own and keep her car at the end of the agreement, so I'm not persuaded they are a cost she would've always incurred.

Miss L had to pay hire car costs of £188.97 for four days compared to a monthly finance payment of £311.97. She has explained that until the rejection was agreed and finalised she was unable to enter into a new finance agreement. The car Miss L hired was also not of a dissimilar category to the one she ultimately rejected. Miss L has explained that she needed a car for her job and her son's medical appointments. She also had to borrow and make alternative arrangements for other times which caused inconvenience and stress.

On balance, bearing in mind the cost of the hire car for four days in comparison to the monthly repayments, and in the circumstances of this particular case, I think it's fair that Miss L is reimbursed the hire car costs.

So, because of the reasons explained above, and after reviewing the comments from Startline and Miss L, I see no reason to depart from the conclusions I reached in my provisional decision.

Putting things right

My final decision is that I uphold this complaint and require Startline Motor Finance Limited to do the following:

1. Refund Miss L the £195 she paid for the independent report in April 2025;
2. Reimburse Miss L £188.97 for the hire car costs;
3. Reimburse Miss L the £80 she paid to retain her private plates;
4. Add interest at a rate of 8% a year simple to parts one and three of this settlement from the dates they were paid, to the date of settlement of this complaint.*
5. Add interest at a rate of 8% a year simple to any refunded finance payments and deposit amount of £700 from the date they were paid to the date they were refunded.*
6. Pay Miss L £300 for the distress and inconvenience she has experienced; and
7. If they haven't already, remove any adverse information which has been recorded with the credit reference agencies.

*If Startline deducts tax from any interest they pay to Miss L they should provide her with a tax deduction certificate if she asks for one, so she can reclaim the tax from the tax authorities if appropriate.

My final decision

My final decision is that I uphold this complaint and require Startline Motor Finance Limited to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss L to accept or reject my decision before 20 January 2026.

Ami Bains
Ombudsman