DRN-5822644

The complaint

Mrs J is unhappy that a car supplied to her under a hire purchase agreement with Carmoola Limited (Carmoola) was of an unsatisfactory quality.

What happened

In October 2024 Mrs J was supplied with a used car through a hire purchase agreement with Carmoola. The agreement was for £6,781 over 60 months; with 59 monthly payments of £113 and a final payment of £114. At the time of supply, the car was around nine years old, and had done 47,000 miles.

Mrs J said the car broke down on 14 January 2025. The recovery service recommended the spark plugs be replaced, which Mrs J arranged through a garage.

On 22 January 2025 the engine management light came on. A diagnostic test was done and found fault codes relating to misfiring and injector two. It said the engine needed to be replaced at a cost of £8,103.

Mrs J complained to the warranty provider but was told the repairs were not covered under the plan.

She then complained to the finance broker who investigated Mrs J's complaint on behalf of Carmoola. They didn't uphold the complaint as an independent inspection found that the defect wouldn't have been developing at the point of sale as it was caused by wear and tear.

Carmoola said the supplying dealer didn't accept liability for the faults. They said this was because Mrs J had carried out unauthorised repairs when she had replaced the spark plugs.

Carmoola said an independent inspection was arranged. The inspection concluded that there was evidence of a misfire, likely caused by a worn wet timing belt – they said this was a known issue with the engine in this car. They said the belt was overdue for replacement and showed signs of wear. The engineer took all factors into account, including the time and mileage since purchase, and concluded that the fault was not present at the point of sale.

Carmoola were satisfied the faults identified were attributed to general wear and tear, which is expected for a vehicle of this age and mileage, 9 years old with 47,000 miles, and this was reflected in the purchase price.

Mrs J was unhappy with this response, so she referred her complaint to our service for investigation.

Our investigator referred to the independent inspection and said she was satisfied the problems were due to a reasonable level of wear and tear.

Mrs J disagreed. She said the fault was a mechanical failure and not a wear and tear issue. She said that she'd had the car for eleven weeks and had done less than 3,000 miles when it broke down. She said that's unreasonable for a car that was sold as roadworthy.

Mrs J's complaint was looked at again by a different investigator. She reached a different opinion.

She said the car was supplied with a full service history. She said this meant you might expect less maintenance would be required, and that parts that do suffer from wear and tear would last longer if they'd been maintained in line with the manufacturer's guidelines.

She said wet belts don't degrade rapidly, so if the independent inspection believed the wet belt had deteriorated, she didn't think this happened within 11 weeks and 3,042 miles of the car being supplied. She explained she believed the issue was pre-existing.

Carmoola didn't agree with the investigator. They said the failure of the wet belt after 3,042 miles cannot be considered as an issue that pre-dated the sale, but rather as a part failing due to natural ageing.

They said that bore scoring does not always develop slowly; once a wet belt begins to shed material into the oil system, damage can escalate very quickly. The debris circulates with every engine cycle, acting abrasively on the cylinder walls, and can cause significant wear in just a few thousand miles. This means the severity of the issue appearing within 3,042 miles was not proof it was pre-existing, but rather consistent with the rapid deterioration that follows when a belt reaches the end of its natural life. They said the conclusion of the qualified engineer also confirmed this.

Because Carmoola 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, 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. Mrs J 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 Mrs J 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. I think in this case those relevant circumstances include, but are not limited to, the age and mileage of the car and the cash price. The CRA says the quality of the goods includes their general state and condition, as well as other things like their fitness for purpose, freedom from minor defects, safety, and durability.

So, if I thought the car was faulty when Mrs J took possession of it, or that the car wasn't sufficiently durable, and this made the car not of a satisfactory quality, it'd be fair and reasonable to ask Carmoola to put this right.

It's not disputed there was a problem with the car Carmoola supplied to Mrs J. She provided a report that said the fault was with the injectors and misfiring. The independent report commissioned by Carmoola found the fault to be with the wet belt.

The issue I have to consider is whether or not the fault was due to wear and tear, or if it was present or developing at the time of sale.

The fault

I've seen a copy of the independent engineer's report, dated 19 March 2025. The engineer confirmed there was a misfire present. He said that in the engine in this car, this failure was due to a *"break up of the wet timing belt, resulting in bore scoring".* He also said that the wet timing belt did appear to be deteriorated.

He concluded that *"The defect is not considered to have been developing at inception".*

Carmoola said that once a wet belt begins to shed material, damage can escalate quickly. They said that this happening after just 3,000 miles was not proof that the fault was pre-existing (as our investigator had said), but it was consistent with the rapid deterioration that occurs when a belt reaches the end of its natural life.

I've considered that carefully. And I've thought about what should be the *natural life* of the wet belt. I understand that the manufacturer recommends the belt is replaced after 60,000 miles or five years.

The car was sold with a full-service history, including what was described as a fresh service. According to the AA, a full-service history means that the vehicle has been maintained in line with a manufacturer's service schedule. In this case, if the car had been fully serviced, you'd expect the belt to have been replaced in 2021, after five years.

But even if it hadn't, it's reasonable to assume that parts that suffer wear and tear would last longer due to the routine servicing.

Carmoola say that the belt suffered rapid deterioration. I understand that these belts don't degrade rapidly. But in any case, I'd expect a car with this lower than average mileage, and with a full service history, to last more than 11 weeks, and just 3,000 miles.

I'm satisfied that it's more likely than not that the fault was present or developing at the point of sale. The engineer noted that "*the timing belt replacement interval is also now overdue".* As I've stated above, I believe the replacement interval had passed before the point of sale. So I'm persuaded that the part was deteriorating at the point of sale as it had never been replaced.

In this case, I'm satisfied the car was not of a satisfactory quality when supplied as it wasn't reasonably durable.

That means that Mrs J should be allowed to reject the car. I don't think it's reasonable to expect Carmoola to pay for the car to be repaired. That's because the cost of the repair appears to be more than the cash price for the car.

Mrs J also complained that the warranty was misrepresented to her. I'm not considering that part of her complaint as the warranty was not included as part of the hire purchase agreement. Mrs J will need to raise that complaint with the party that sold the warranty to

her, or the warranty provider.

Putting things right

Payment Refund

The car has been undrivable since it broke down in January 2025 and Mrs J hasn't been supplied with a courtesy car. As such, she was paying for goods she 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 Carmoola failed to keep Mrs J mobile, I'm satisfied they should refund the monthly payments she's made since then.

Repair Costs

Mrs J has provided evidence of the costs she incurred in having the car inspected and repairing the car. Given that the car wasn't of a satisfactory quality when supplied, I think it's only fair that Carmoola reimburse these costs.

Distress & Inconvenience

It's clear that Mrs J has been inconvenienced by having a car that she was unable to use. She also had to continue to insure the car. This would not have been the case had Carmoola supplied her with a car that was of a satisfactory quality. So, I think Carmoola should pay her £250 in compensation to reflect the distress and inconvenience caused.

Mrs J asked that her insurance payments be refunded. I'm not making that award as it is legal requirement to have the car insured, as well as a responsibility under the hire purchase agreement.

Therefore, Carmoola should:

- end the agreement with nothing more to pay;
- collect the car at no cost to Mrs J;
- remove any adverse entries relating to this agreement from Mrs J's credit file;
- refund the monthly payments Mrs J has made since 22 January 2025;
- refund the additional expenses of £48.42 and £48 incurred by Mrs J as explained above;
- apply 8% simple yearly interest on all of the refunds above, calculated from the date Mrs J made the payment to the date of the refund†; and
- pay Mrs J an additional £250 to compensate her for the distress and inconvenience caused by being supplied with a car that wasn't of a satisfactory quality.

†If Carmoola considers that tax should be deducted from the interest element of my award, they should provide Mrs J with a certificate showing how much they have taken off so she can reclaim that amount, if she is eligible to do so.

My final decision

For the reasons explained, I uphold Mrs J's complaint about Carmoola Limited and

they are to follow my directions above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs J to accept or reject my decision before 11 November 2025.

Gordon Ramsay
Ombudsman