

The complaint

Mr M complains that a used car which he took under a hire purchase agreement with Bank of Scotland plc was not of satisfactory quality. He does not believe that the bank and the dealership have done enough to rectify the position.

What happened

In May 2024 Mr M entered into a five-year hire purchase agreement with Bank of Scotland for a used car. The car had been first registered in December 2018 and was priced at £11,669. It had a recorded mileage of around 61,000 miles. After taking into account a part-exchange arrangement and cash payment, Mr M was to pay £209.81 a month.

Within a few weeks, Mr M reported issues with the car. The dealership carried out repairs, including a seatbelt repair and issues with the diesel particulate filter (DPF), which in turn were caused in part by problems with the AdBlue injector. Some issues recurred, which meant that the car had to be returned on several occasions between early June and early October 2024. In total, Mr M was without his car for 82 days. He was provided with a courtesy car, but this was a small hatchback, rather than his own car, which is described as a compact SUV.

In September 2024 Mr M hired a larger car to transport furniture and other items to a family occasion, because the courtesy car was not suitable.

In January 2025 Mr M said that the car's engine management light was indicating that the DPF issues remained.

Bank of Scotland reviewed Mr M's complaint and agreed that the car had not been of satisfactory quality at the point of delivery. However, repairs had been completed at no cost to Mr M, and he had been provided with a courtesy car. The bank offered Mr M £250 in recognition of the inconvenience to which he had been put, along with a 20% refund of hire costs for the time he had had a courtesy car, rather than his own. It later increased the offer for inconvenience to £300. It also offered £200 towards the cost of the hire car.

Mr M did not consider that offer went far enough and referred the matter to this service. One of our investigators considered what had happened. He initially recommended that the bank increase its offer to cover the full cost of the hire car and that it increase its offer in recognition of the inconvenience suffered by Mr M to £450. He also recommended that the bank pay interest on the refunds.

Bank of Scotland accepted the investigator's recommendation, but Mr M said he would only do so if repairs were completed to his satisfaction. He said the DPF issue was still present, and provided a photo of the car's dashboard, showing an engine management light illuminated.

The investigator said he had not seen sufficient evidence to show that the DPF problems were still present, and so was not minded to change his view.

It was therefore agreed that an independent inspection would be carried out. In the meantime, Mr M arranged for a local engineer to carry out a diagnostic inspection. The report of that inspection was short and concluded:

“Fault codes indicate the previous work has not been completed competently.”

A further inspection was arranged by the bank, as agreed. That report noted that the car had covered 75,000 miles in total. But no fault codes were found and the inspector concluded that there was no issue with the car's DPF system.

The investigator carried out a further review and concluded that he should not change his view about the complaint should be resolved. Mr M asked that an ombudsman review the case.

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.

Under the Consumer Rights Act 2015, the hire purchase agreement was to be read as including a term that the car would be of satisfactory quality. That means the quality a reasonable person would expect in all the circumstances. In the case of a used car, that includes its age, price and mileage.

There is no real dispute here that the car was not of satisfactory quality when it was delivered to Mr M. That is why the bank and the dealership arranged for repairs at no cost to Mr M and agreed to provide him with a courtesy car. The dispute here is whether the steps taken are enough to put things right, so I shall focus on that issue.

I do not need to set out in detail all the times the car had to be taken in for repairs. It appears however that it was taken to the workshop on six occasions between June and September 2024. On each occasion Mr M had to drive it to the dealership, which is not close to his home.

Mr M was without his car for 82 days in that time. And, although he had courtesy cars, they were significantly smaller than the SUV – and, therefore, less comfortable or practical. On one occasion, Mr M felt the need to hire a larger car which would perform in line with his SUV.

Bank of Scotland offered Mr M £300 in recognition of the inconvenience to which he had been put. It said that “... *the maximum we pay is £300.00 for distress and inconvenience.*” I understand that to be a statement of a wider policy, rather than an assessment of what it considered fair in Mr M's case. If so, that is not the correct way to deal with an individual complaint. This service's published guidelines include examples where a higher level of compensation is appropriate, and the bank ought to have considered whether that might be the case here.

The investigator concluded that more compensation was merited here, and recommended a payment of £450 in respect of distress and inconvenience. I note that Bank of Scotland accepted that recommendation, and I agree with the investigator that it is fair in all the circumstances.

I believe it is fair too that Mr M receive a partial refund in recognition of the fact that, for much of the time between June and October 2024, he has not had the use of the car he agreed to take under the hire purchase agreement. Instead, he had the use of a smaller car

which was less suited to his needs. I agree that a refund of his hire payments based on a 20% deduction is fair. I calculate that amounts to a little under £575, so will make an award for that amount. I will not include interest on that sum, since the period of 82 days was not continuous and because I believe the total amount of the award I shall make is fair and reasonable in any event.

Mr M hired a car from 11 to 17 September 2024. I accept what he has said about the reasons for needing to do so, and am satisfied it was reasonable to take that step. The invoice he has provided indicates that he paid £255.47 (about £30 more than he had initially indicated), so I will make an award of that amount.

Mr M also says, however, that the repairs have not been carried out to a proper standard and that the DPF problems are still present. I have considered the evidence about that very carefully. It is, of course, contradictory, in the sense that one report says the problems persist and the other says they are not present. Neither report which has been provided is, in my view, particularly detailed. The report which supports Mr M's case, however, provides no reasoning at all for its conclusion that previous work (which is not described) was not done competently, or what the effect of that might be. On balance, therefore, I am not persuaded that the defects which were identified soon after the car was provided to Mr M still remain.

Mr M has said that, under the Consumer Credit Act, a supplier should have one opportunity to carry out repairs to goods which are not satisfactory. After that, the consumer has the right to reject them. He has noted, correctly, that more than one attempt was needed to complete the repairs. That is correct, even if – as I have found to be the case – the repairs have now been completed. I have therefore considered whether Mr M should be able to reject the car.

I am required to have regard to any relevant law in deciding what I consider to be fair and reasonable in all the circumstances. Relevant law here includes those parts of the Consumer Credit Act which deal with remedies for breaches of contract, and I have taken them into account. In all the circumstances, however, I do not believe that requiring Bank of Scotland to accept rejection of the car would be a fair remedy here.

Finally, I will comment on Mr M's argument that the car was over-priced by around £1,500 to £1,700. Even if that were the case (and I make no comment on that), it would not give rise to a claim against the bank. It was not a term of the hire purchase agreement that the car would represent value for money. And in any event, repairs have been carried out with a view to bringing the car into the condition it should have been in at the point of supply.

My final decision

For these reasons, my final decision is that, to resolve Mr M's complaint in full, Bank of Scotland plc should pay him:

- £575 to cover loss of enjoyment or impaired use while his car was unavailable to him;
- £255.47 to cover the costs of a hire car from 11 to 17 September 2024; and
- £450 in recognition of the distress he has suffered and the inconvenience to which he has been put

To the extent the bank has already paid all or part of any of these sums, it should make appropriate deductions.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 2 December 2025.

Mike Ingram
Ombudsman