

The complaint

Mr T is unhappy with the quality of a car financed by First Response Finance Limited using a hire purchase agreement.

What happened

In January 2024 Mr T entered into a hire purchase agreement with First Response for a used car. The car was around eight years old and had been driven for 75,470 miles. The cash price was £7,999.

At the time of purchase, Mr T was told that there was an issue with the battery cover. The dealership said they would fix and replace it when the stock arrived.

Around five months after acquiring the car, Mr T started to experience issues with it. He reported faults on the dashboard. He also experienced knocking on the front wheels.

The car went back to the dealership who replaced the auxiliary belt and also fixed the headlights. However, Mr T said he could still hear a knocking sound. He said the car kept going into limp mode, and the air conditioning wasn't working.

In June, the dealership took the car back again. They investigated the fault codes which they said were mostly all related to the faulty battery protector. They also said the car going into limp mode was because of this as well. The part for the battery cover had arrived at this point and so was replaced. The dealership said the only other code was for the diesel particulate filter (DPF) which required a regeneration. This was carried out for Mr T.

In September, Mr T was still having problems with the car going into limp mode.

In October, the dealership agreed to look at the car again. They said that the DPF needed regenerating again. They explained that this is a common service element in diesel cars and can be affected by driving style. They said that to prevent it from happening the car needed to be driven lengthy journeys at a high speed regularly.

Later that month, an inspection was organised on the car. The inspection said that although the DPF light was on, it didn't seem like it was blocked. It highlighted that there may be an issue with the CAN communication. They also said there may be an issue with the control modules having faulty signals which may be giving false readings.

First Response issued a final response letter in November saying they didn't believe the issues with the DPF meant the car was of unsatisfactory quality at the point of supply. It didn't comment on the issues with the CAN communication or sensors.

They've since considered what the report's findings said about the CAN communication and sensors. They felt if there was an issue with them this needed investigating further, but there wasn't enough evidence that these issues existed at the point of supply.

Still unhappy, Mr T referred the complaint to our service. During this time, he'd voluntarily terminated the agreement, and so no longer has possession of the car. As part of this

complaint to this service, he said £600 had been added to the amount he owed because of damages, which he didn't think was fair. Our investigator asked First Response for further information about this, and they sent her evidence of why they felt the charge was fair.

She then looked into everything and issued a view saying she didn't think the car was of unsatisfactory quality and that the £600 the charge was fair.

Dissatisfied, Mr T asked for an Ombudsman to issue a decision on the case.

I was minded to reach a different outcome to our investigator. So, I issued a provisional decision, to give both parties an opportunity to comment on my initial findings before I reached my final decision.

What I provisionally decided – and why

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:

Mr T acquired his car using a hire purchase agreement and so The Consumer Rights Act 2015 ("CRA") is 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.

Mr T has told us that he experienced issues with the auxiliary belt and headlights and that these were fixed. I can see from some of the communication that's been sent to us that he wasn't happy with the repairs to the headlights. The report issued in October didn't highlight any issues with these parts, so I'm unable to say that the repairs to them were unsuccessful.

I've then considered the issues Mr T had with the car going into limp mode.

I can see in June that the battery cover was replaced by the dealership. They said this was causing problems with the car in general. I've noted that Mr T agreed to buy the car knowing the cover needed replacing. I know Mr T may not have anticipated waiting as long as he did, or it causing problems. But, I can't fairly say the car was of unsatisfactory quality for this reason as Mr T knew the cover needed replacing.

A DPF generation was also completed in June. A DPF generation is something which needs to be completed as part of maintaining a diesel engine. So, I can't say this alone is a reason the car was of unsatisfactory quality.

I've gone on to consider the report from October which concludes that there may be an issue with the CAN communication or sensors. At this point, the car had been driven almost 4,000 miles by Mr T. The report says that further investigation is needed to be certain of what the problems are. It also doesn't comment on whether the issues could've been present at the point of supply.

And so, while I think the report shows there was a problem with Mr T's car, I don't think there is enough for me to say the car was of unsatisfactory quality under the CRA. In reaching this decision, I've thought carefully about the age of the car and mileage. I've also considered that the October report was completed ten months after Mr T had acquired the car. Overall, I don't think a reasonable person, on this report alone, would say the car was of unsatisfactory quality at the point of supply.

For the reasons above, and without any further evidence, I can't fairly say that under the CRA, First Response need to do anything further in regard to the rejection.

Charges for damages

I know Mr T is unhappy with the further £600 he was charged for damages when he voluntarily terminated his agreement.

First Response have said that the retail value of the car was £2,500 but they only received £1,900 for it at auction because of the problems it had. They provided a report from a salvage company which listed £900 worth of repairs that needed to be completed.

The breakdown from the salvage company wasn't very specific, and because of this, it is difficult to judge if these damages were related to fair wear and tear on a car of this age and mileage.

So, I don't think First Response has done enough to justify the deductions made for damage, and so I don't think they can ask Mr T to pay this amount.

As a result, I intend to partially uphold this complaint and say that First Response shouldn't pursue Mr T for the damage charges of £600.

First Response replied to my provisional decision pointing out they didn't have the opportunity to issue a final response letter about what they charged for damages.

They said that the charges weren't for damages but that they added the difference between what they expected this car to have achieved at auction (in full working order), compared to what it achieved with the EML on. They argued that the charge reflected that Mr T hadn't taken 'reasonable care' of the car.

They also said they didn't charge him to collect the vehicle or for the cost of the condition report either.

Mr T responded saying he felt the outstanding debt should be written off as the car wasn't fit for purpose. He said that he paid for a health check to be carried out on the car which showed the car had communication issues. He also said that the problems with the car started when the battery protector was fitted and it went into limp mode multiple times. He said he doesn't believe the way he drove the car was the issue.

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 understand First Response has said that they haven't issued a final response letter for the £600 charge. Our investigator informed them about Mr T's dissatisfaction about this on 23 January 2025, so I'm satisfied they've been given the opportunity to investigate this aspect separately if they wished to do so before now.

I've also noted their further comments about the £600 charge, but my opinion remains the same as what I outlined in my provisional decision. This is because I don't think First Response has done enough to justify the amount charged to Mr T. A lot of factors can influence the price a car achieves at auction, so I also don't think it is fair to assume the value the car achieved was purely because of the EML being on.

I've also taken note of Mr T's further comments but as they didn't contain anything which I hadn't already considered in my provisional decision, they don't change my opinion on the case.

And so, for the reasons I've explained, I see no reason to depart from the conclusions I reached in my provisional decision. So, I require First Response Finance Limited to reduce the outstanding balance Mr T owes by £600.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 22 October 2025.

Ami Bains
Ombudsman