

## **The complaint**

Mr W complains about a car supplied to him using a hire purchase agreement taken out with First Response Finance Limited ("FRFL").

## **What happened**

In August 2023, Mr W acquired a used car using a hire purchase agreement with FRFL. The car was over eight years old, the cash price of the car recorded on the agreement was £8,495, the agreement was for 61 months, made up of regular, monthly repayments of £207. The mileage recorded on the agreement was 79,000 miles.

Mr W said the engine oil light appeared on the car's dashboard for the first time since acquiring the car, towards the end of September 2023. He said it then regularly appeared every month thereafter.

Mr W regularly took the car back to the supplying dealership to be inspected and some repairs were carried out. Job sheets show that the car's oil light was illuminated on occasions. Notes from one of the job sheets also said that while the car was consuming oil, no leak could be found from a visual inspection.

Mr W said that he couldn't drive the car for more than 900 miles at a time, before the car required more oil.

Mr W said that the car's rocker head gasket was replaced in August 2024 by the supplying dealership in an attempt to resolve the issue, but the car's engine oil light continued to illuminate regularly.

Mr W eventually took the car to a third-party garage and a report was produced from the inspection carried out. In summary, it said there was a major knocking noise coming from the engine and there was a possible engine failure which was believed to be as a result of the ongoing oil consumption issue.

A quote was supplied by the third-party garage and the cost of repairs was estimated to be over £4,000.

The supplying dealership also inspected the car and found that there was a knocking sound coming from the engine.

Mr W complained to FRFL as he thought they were liable for the cost of repairs.

FRFL issued their final response to Mr W where they explained they didn't think they were liable for any repairs that was required to the car.

Unhappy with FRFL's final response, Mr W referred his complaint to our service in March 2025.

Mr W informed our service that he paid for the repairs to be carried out to the car and for an engine replacement, at a total cost of £4,141. Mr W also provided the service history of the car.

Our investigator upheld the complaint. In summary, the investigator was satisfied there was a fault with the car as the engine failed. The investigator went on to say that it was likely the car failed prematurely and the issue with the oil consumption was present or developing at the point of supply, given Mr W had to visit the dealership on several occasions, and there was no indication of driver error or abuse to the car. To put things right, our investigator said that FRFL needed to refund Mr W the amount he paid for the engine to be replaced, as well as £150 for the distress and inconvenience caused by this complaint.

Mr W accepted the investigator's findings.

Among other things, FRFL didn't agree the high oil consumption led to the rattle coming from the engine.

As FRFL disagreed, the complaint was passed to me to decide.

### **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'm upholding this complaint and I'll explain why below.

I'm aware I have summarised events and comments made by both parties very briefly, in less detail than has been provided, largely in my own words. No discourtesy is intended by this. In addition, if there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is a fair outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as an alternative to the courts.

Mr W complains about a car supplied to him under a hire purchase agreement. Entering into consumer credit contracts such as this is a regulated activity, so I'm satisfied I can consider Mr W's complaint about FRFL.

When considering what's fair and reasonable, I take into account relevant law and regulations. The Consumer Rights Act 2015 ("CRA") is relevant to this complaint. The CRA explains under a contract to supply goods, the supplier – FRFL here – has a responsibility to make sure goods are of satisfactory quality. Satisfactory quality is what a reasonable person would expect – taking into account any relevant factors. It's important to point out in this case that the CRA specifically explains that the durability of goods can be considered part of whether they are unsatisfactory quality or not.

I would consider relevant factors here, amongst others, to include the car's age, price, mileage and description. So, it's important to note that the car Mr W acquired was used, over eight years old, had been driven around 79,000 miles and cost £8,495. I think a reasonable person would accept that it would not be in the same condition as a new car and was likely to have some parts that are worn.

What I need to consider is whether the car was of satisfactory quality when it was supplied. And in order to do that, I first need to consider whether the car developed a fault.

Had the car developed a fault?

It isn't in dispute here that the car developed a fault. I say this because there has been two diagnostics completed on the car in around March 2025 which say there was a knocking noise coming from the engine area. The supplying dealership said:

*"Vehicle has knocking noise from engine area, we have checked with [manufacturer] and they do not supply a replacement engine, they only supply replacement parts..."*

A third-party garage also said:

*"My diagnosis of your vehicle is that it has a major knock within the engine. This will require a replacement of the engine..."*

Given two different garages who inspected the car said there was a knock coming from the engine, and one of those was the supplying dealership, I'm satisfied there was a fault with the car – and specifically to the engine as it required replacing.

Was the car of satisfactory quality at the point of supply?

FRFL don't believe the fault with the car was present or developing at the point of supply. They said that the fault was only made aware to them around 16 months after the car was acquired and after it was driven over 15,000 miles. On the other hand, Mr W believes the fault with the car stems from issues he had with the car early on. So, what I need to consider is whether the engine failure which led to its replacement was linked to issues Mr W previously had with the car.

Mr W supplied several job sheets of works carried out to the car, as early as November 2023 – around three months after acquiring the car and within 2,000 miles of the car being driven. Notes for the job sheet say that the oil light was on. Two months later, in January 2024, after approximately a further 2,000 miles, another job sheet was produced, which said the oil light was on again. Another two months later, in March 2024, a further job sheet was produced where it said:

*"Express visual check... car seems to [sic] burning oil, very low on oil but no leaks seem to be seen."*

I'm mindful of a few things here. Firstly, that the engineer who inspected the car suspected the car was burning oil. I have also noted that the engineer couldn't identify a leak. But I am also mindful that the notes suggest an "express visual check" was completed on the car, without any detailed inspection. So, I think this is why a leak couldn't be identified. Had a full inspection been carried out, I think the cause of the leak would have been identified.

I accept that I am not an expert mechanic, but having completed a general search online, I can see that oil loss can lead to engine knocking because a lack of sufficient oil pressure causes moving parts, like engine bearings, to rub directly against each other, causing a knocking sound. I can also see from a general search online that addressing the oil level by adding oil may sometimes quiet the noise if the damage is minimal, but persistent knocking after correcting the oil level indicates that internal engine damage has occurred.

Considering the above, I think it is likely this has happened on this occasion. I say this because, Mr W says he regularly noticed the engine oil in the car was low. He says he regularly took the car to the supplying dealership and the car was regularly topped up with oil. Considering what I have seen online, I think it is likely the regular topping up of oil masked the issues with the car, which first became apparent soon after acquiring the car.

Considering issues with the car, in the form of low engine oil, first presented itself shortly after the car was acquired, and the report from the third-party garage suggests the engine failure was due to the ongoing oil consumption issue, I'm satisfied the fault was likely present or developing at the point of supply.

### Remedies under the CRA

What I now need to consider is whether FRFL needs to do anything to put things right.

In this instance, I'm mindful that the car has now been repaired, at Mr W's expense. And from my understanding, the fault with the car has now been rectified. I'm also mindful that FRFL had the opportunity of repair, by way of the supplying dealership regularly inspecting the car. The supplying dealership also attempted to repair the car by replacing the rocket head gasket, but this attempt didn't resolve issues. So, I'm satisfied that FRFL had an attempt to repair the car and that repair failed or the car had an underlying fault that was never put right.

As the car has now been repaired, I don't think it would be fair for the car to be rejected. I think a fairer way for FRFL to put things right is to reimburse Mr W for the costs he has incurred in having the car repaired.

FRFL has asked for an invoice from the third-party garage who completed the repairs. Mr W has said he has been unable to produce one but has been able to provide a copy of his May and June 2025 bank statement which showed several payments being made to the third-party garage, which totalled £4,141. It is disappointing that Mr W has been unable to provide an official receipt and/or invoice to show the works carried out. Having said that, I'm satisfied that the payments Mr W made was in relation to having the car repaired. The amount is to the same company who provided the quote and the total amount paid was around the estimated cost the third-party garage gave for the repairs to be carried out. I think it is unlikely Mr W would have needed to pay this amount to the third-party garage for another reason. So, in summary, I'm satisfied that FRFL need to reimburse this amount to Mr W.

### Distress and inconvenience

I think it must have been frustrating for Mr W to have to deal with the issues he had with the car. For much of the time Mr W had been supplied with the car, it had issues in relation to the car's engine oil. This meant that Mr W regularly had to visit the supplying dealership, causing some inconvenience. I'm also mindful that Mr W was out of pocket for several months as FRFL didn't accept they had done anything wrong on this occasion. Given the circumstances, I think it is fair and reasonable that FRFL pay Mr W £150 for the distress and inconvenience caused by this complaint.

### **My final decision**

For the reasons I've explained, I uphold this complaint and I instruct First Response Finance Limited to put things right by doing the following:

- Reimburse Mr W £4,141, which is the amount he paid for the repairs to be carried out to the car. \*
- Pay Mr W £150 to reflect the distress and inconvenience caused.

\* These amounts should have 8% simple yearly interest added from the time of payment to the time of reimbursement. If FRFL considers that it's required by HM Revenue & Customs to withhold income tax from the interest, it should tell Mr W how much it's taken off. It should

also give Mr W a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue and Customs if appropriate.

If FRFL has already given compensation in relation to this specific complaint, the final amount should be less the amount already given.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 28 October 2025.

Ronesh Amin  
**Ombudsman**