

The complaint

Mr S is unhappy that a car supplied to him under a hire purchase agreement with Advantage Finance Limited was of an unsatisfactory quality.

What happened

In May 2024, Mr S was supplied with a used car through a hire purchase agreement with Advantage. The agreement was for £8,289 over 60 months; with 59 monthly payments of £295.54 and a final payment of £495.54. At the time of supply, the car was just over seven years old and had done 41,686 miles (according to the MOT record for 7 February 2024).

Soon after being supplied with the car there were some issues, and the auxiliary belt, thermostat, coolant pipe, and head gasket were all replaced by the dealership. During this repair, Mr S was without use of the car for around a week.

Mr S had further problems with the car in March 2025. He complained to Advantage, who arranged for the car to be inspected by an independent engineer. This inspection took place on 14 April 2025, when the car had done 48,765 miles – around 6,300 miles since supply. The engineer noted that the oil level was low, with a slight leak from the cam cover seal. The engineer also noted there was a coolant leak from the water pump. However, they didn't think these issues were present or developing when the car was supplied to Mr S.

The engineer subsequently confirmed that there was no link between the current issues and the previous repairs, and the current issues were as a result of general age-related wear and tear. Based on the engineer's report and subsequent comments, Advantage didn't uphold Mr S's complaint. So, he brought the matter to the Financial Ombudsman Service for investigation.

Our investigator said that, while there were initial faults with the car, that were repaired in May 2024, which made the car of an unsatisfactory quality when it was supplied, the current issues with the coolant and oil leak weren't present or developing at the outset, so Advantage weren't responsible for this.

However, the investigator thought Advantage should refund payments to Mr S for the period he was without use of the car in 2024 and pay him £150 compensation for the distress and inconvenience he'd been caused.

Advantage agreed with the investigator's recommendation, but Mr S didn't. So, this matter has been 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'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. Mr S was supplied with a car under a hire purchase agreement. This is a regulated consumer credit agreement which means we're able to investigate complaints about it.

The Consumer Rights Act 2015 ('CRA') says, amongst other things, that the car should've been of a satisfactory quality when supplied. And if it wasn't, as the supplier of goods, Advantage are responsible. What's satisfactory is determined by things such as what a reasonable person would consider satisfactory given the price, description, and other relevant circumstances. In a case like this, this would include things like the age and mileage at the time of sale, and the vehicle's history and its durability. Durability means that the components of the car must last a reasonable amount of time.

The CRA also implies that goods must conform to contract within the first six months. So, where a fault is identified within the first six months, it's assumed the fault was present when the car was supplied, unless Advantage can show otherwise. So, if I thought the car was faulty when Mr S 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 Advantage to put this right.

The problems with the car in 2024

It's not disputed there were problems with the car supplied to Mr S, or that these made it of an unsatisfactory quality. The CRA gives Advantage and the dealership the single chance of repair, and the repair was completed in May 2024. I haven't seen anything to show me this repair failed, and the independent engineer's comments have also confirmed this was the case. Given this, I think Advantage acted reasonably by repairing the car.

However, Mr S was without use of the car for a period of time due to these faults, so I think Advantage need to do something to put things right.

The problems with the car in 2025

The car successfully passed an MOT in January 2025, with the only advisory relating to a worn brake disc. Had either the oil or coolant leak been present at the time of this MOT, I would've expected these to be noted as either a failure or an advisory. So, the lack of reference to these on the MOT convinces me they weren't present at the time.

I've seen a copy of the independent engineer's report, dated 14 April 2025. In the report, the engineer confirmed their duty is to the courts, not to the person who instructed or paid for the report. So, I'm satisfied this report, and subsequent comments, are reasonable to rely upon.

In their report and comments, the engineer has made it clear that the current issues with the car weren't present or developing when the car was supplied to Mr S, nor were they related to the repairs that took place in 2024. The engineer also confirmed that the parts didn't fail prematurely, and that this was a general wear and tear issue.

The agreement states that Mr S must maintain and repair the car, keeping it in good condition. So, as the current problems with the car are down to wear and tear, it's Mr S's responsibility to repair these, not Advantage.

Putting things right

Due to the initial problems with the car, Mr S was unable to use it for a week in May 2024. And, during this period, he wasn't supplied with a courtesy car. So, he was paying for goods he was unable to use. As it's not disputed that the car was off the road due to it being of an unsatisfactory quality when it was supplied, and as Advantage failed to keep Mr S mobile; I'm satisfied they should refund the payments he made during this period.

I also think Mr S should be compensated for the distress and inconvenience he was caused by the 2024 issues. But crucially, this compensation must be fair and reasonable to both parties, falling in line with our service's approach to awards of this nature, which is set out clearly on our website and so, is publicly available.

I note our investigator also recommended Advantage pay Mr S an additional £150, to recognise the distress and inconvenience caused. This has been accepted by Advantage and Mr S hasn't objected to the payment or explained why he considered it is insufficient. Having considered this recommendation, I think it's a fair one that falls in line with our service's approach and what I would've directed, had it not already been put forward. So, this is a payment I'm directing Advantage to make

Therefore, Advantage should:

- refund the equivalent of one week's payment for May 2024;
- apply 8% simple yearly interest on the refund, calculated from the date Mr S made the payment to the date of the refund[†]; and
- pay Mr S an additional £150 to compensate him for the trouble and inconvenience caused by being supplied with a car that wasn't of a satisfactory quality (Advantage must pay this compensation within 28 days of the date on which we tell them Mr S accepts my final decision. If they pay later than this date, Advantage must also pay 8% simple yearly interest on the compensation from the deadline date for settlement to the date of payment[†]).

[†]If HM Revenue & Customs requires Advantage to take off tax from this interest, Advantage must give Mr S a certificate showing how much tax they've taken off if he asks for one.

My final decision

For the reasons explained, I uphold Mr S's complaint about Advantage Finance Limited. And they are to follow my directions above.

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

Andrew Burford
Ombudsman