

The complaint

Mr L complains that a car supplied to him under a hire purchase agreement with MI Vehicle Finance Limited (MIVF) was of an unsatisfactory quality.

What happened

In June 2024, Mr L acquired a used car through a hire purchase agreement with MIVF. The car was first registered in August 2017 and the finance agreement states it had travelled 71,000 miles, although Mr L says this was actually around 77,250. The cash price of the car was £16,450 and he paid a deposit of £1,000. The amount of credit was for £15,450 and the duration of the agreement was 60 months; with 60 monthly payments of around £338.

Mr L says when he went to collect the car, he was made aware of some existing faults requiring repair, including the driver door window switch, inoperative passenger seat and spare key. The car was booked in for the required repairs and Mr L was provided with a courtesy car while they took place.

Mr L says on the same day he was supplied with the car, he contacted the dealership to inform them the car wouldn't start after stopping at a petrol station. Two days later, he told the dealership there were other issues with the car also, including the driver door handle, Engine Management Light (EML) illuminated, airbag light on and the bottom of the car touching speed bumps.

The car went back to the dealership for repairs and Mr L collected it in July 2024. At this point, Mr L pointed out condensation in the rear lamp. Two days later, he said the airbag light reappeared, the spare key didn't operate his car and the rear lamp condensation persisted. He asked to reject the car, as he considered the repairs had failed. He also said the car wasn't as advertised.

Two weeks later, the car broke down. Mr L says he contacted the dealership for assistance but they didn't help so he was left abandoned. He said while he was waiting for assistance, he witnessed a fatal accident which caused him psychological damage and extreme distress.

The supplying dealership inspected the car in August 2024 and said they were unable to replicate the faults Mr L had reported. They agreed the rear lamp did have condensation and agreed to replace this, and supply a new spare key, at no cost to Mr L.

Mr L declined the repairs and maintained he wanted to reject the car. He was advised there were no grounds for rejection, but the dealership would buy back the car for £13,000 and he would be liable for the outstanding balance on the agreement.

Mr L complained to MIVF, saying the car was faulty when it was supplied to him, not of satisfactory quality and not as described. MIVF partially upheld Mr L's complaint and offered £150 compensation in recognition of the inconvenience caused by the spare key issue. However, as this didn't affect Mr L's ability to drive the car, they didn't consider this to make it of unsatisfactory quality. They said the rear lamp condensation was present and visible to

Mr L when he inspected the car before purchasing it, indicating he was satisfied with the car's condition. And while they don't believe to be liable for this repair, the dealership had offered to repair it at no cost to Mr L as a gesture of goodwill. Lastly, they've been unable to replicate the other faults Mr L has reported, and a third-party garage has confirmed there are no issues with the car starting, the battery is holding charge and the airbag light is not illuminated.

Our Investigator reviewed matters and wasn't persuaded by the evidence available that there was anything wrong with the car or that MIVF supplied Mr L with a car that was of unsatisfactory quality.

Mr L didn't agree. In summary, he said:

- The dealership failed to disclose known faults prior to the sale, so the car's condition was misrepresented.
- The repairs carried out by the dealership failed as the car was returned to him with ongoing issues.
- He has provided evidence of the car not starting – which supports the car is not roadworthy or safe.
- He asked the dealership to release the car to him so he could have it inspected, but they demanded a payment of £1,000 before agreeing to this – suggesting the car has been seized.

In addition to the above, Mr L provided new information regarding the mileage. He says he believes the mileage may have been clocked which wasn't disclosed to him prior to supply.

As this isn't a point that had been considered by MIVF, our Investigator advised Mr L he would need to raise this as a new complaint. However, it was later agreed by MIVF that we could also consider this point here.

As no agreement was reached, the matter was passed to me to decide.

I issued a provisional decision, setting out my intention to uphold the complaint. I said:

"Was the car misrepresented?"

Under section 56 of the Consumer Credit Act 1974, the finance provider can be held responsible for antecedent negotiations (meaning what was said or done) by the broker and/or supplier (the dealership) before the consumer enters into a finance agreement. So I've taken this relevant law into account when looking into this complaint.

To conclude there has been a misrepresentation in Mr L's case, I must first be satisfied that:

1. *A false statement of fact has been made; and*
2. *That false statement induced Mr L to enter into the agreement to acquire the car.*

Both points need to be satisfied for me to say a misrepresentation has been made.

Mr L says the car was misrepresented to him because the dealership failed to make him aware of known quality issues. I haven't seen any evidence of the car being advertised as fault free, so I don't have enough to say a false statement of fact was made in relation to the car's quality. As I don't consider the first misrepresentation criteria has been met, it's not necessary to consider the second criteria.

The Consumer Rights Act 2015 also says goods should be sold as described. Mr L has provided photos from the advert seen prior to the sale, highlighting where the condensation can be seen. I'm therefore satisfied the condensation was visible within the images provided to Mr L before the sale. And for these reasons I don't think there is enough to say the car was mis-sold because of this.

So, based on the above, I'm satisfied the car wasn't mis-described and I don't find the car was misrepresented.

Mileage discrepancy

Mr L has provided some evidence of the mileage data for the car, which says the miles recorded on 21 October 2021 was 359 less than the miles recorded on 16 October 2020. Additionally, it notes the mileage on 22 October 2021 as 14,176 more than what was recorded the previous day. He also provided screenshots from a third-party website that shows the mileage to be 83,000 in December 2024. Mr L says this shows the mileage was fraudulently tampered with in 2021.

MIVF have explained what Mr L had referred to was an administrative error whereby the garage conducting an MOT entered the incorrect mileage when it failed, then entered the correct mileage the following day when it passed. The supplying dealership confirmed they checked this with the garage who conducted the MOT when they purchased the car, who informed them they had two similar cars in the workshop at the same time, and the incorrect mileage was entered due to human error.

MIVF also explained the site Mr L says confirms a mileage of 83,000 uses information from previous MOTs to calculate an estimated mileage based on average mileage use per year. The dealership confirmed this mileage isn't correct, as the car has been in their storage compound since Mr L abandoned it.

Based on what I've seen, I find the dealership's explanation to be plausible, and I don't think I have enough to conclude the mileage has been clocked here.

Was the car of satisfactory quality?

Mr L 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 Mr L 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.

Mr L acquired a car that was around seven years old and had covered around 77,250 miles. Its cash price was £16,450. So, what would be considered satisfactory quality would be significantly different to if Mr L had acquired the same car brand new and at a greater cost. As this was a used car with considerable mileage and age, it's reasonable to expect parts may already have suffered wear and tear, and would need to be replaced sooner, when compared to a new car or one that is less travelled.

However, the car's condition at the point of supply, should have met the standard a reasonable person would consider satisfactory - considering its age, mileage and price. The CRA says the aspects of the quality of the goods includes their general state and condition, alongside other things such as their fitness for purpose, safety, and durability. So, if I thought

the car was faulty when Mr L 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 MIVF to put this right.

I've carefully considered Mr L's version of events and the evidence he's provided. Having done so, it's clear there have been faults that have needed repairing since the car has been in his possession. And it's not in dispute that faults were present at the point of supply. It's important to make clear that a car having faults doesn't always mean the car is of unsatisfactory quality. Some of the issues here were cosmetic or wear and tear related, which can be reasonably expected of a used car. I won't go into detail about each individual fault, as it's not disputed they were present, or that they've since been repaired. And given what Mr L has told us about the faults, I'm satisfied repair was a reasonable remedy.

The faults Mr L says persisted were the rear lamp condensation, faulty spare key, car not starting and reappearance of the airbag warning light.

The car was booked into the dealership again and they agreed to replace the rear lamp and the spare key at no cost to Mr L, which I consider to be reasonable. As explained above, the rear lamp condensation was visible to Mr L when he bought the car, so he effectively agreed to purchase the car in this condition. And while I understand Mr L's concern regarding the spare key, I don't agree the absence of a functioning spare key itself makes the car of unsatisfactory quality, given it doesn't impact the car's performance or Mr L's ability to use it.

I've considered the evidence available in relation to the airbag warning light and car not starting. Having done so, I note the dealership say they were unable to replicate these faults on inspection. I've seen the airbag light was reset in June 2024 and MIVF says the third-party garage charged the battery, after which it held charge and didn't need replacing. MIVF provided video evidence taken by a third-party garage in August 2024 that shows the car starting without any issues and no airbag warning light illuminated.

However, I note Mr L has also provided video evidence of the car not starting and the repair invoice from the third-party dealership confirms they replaced the starter motor. MIVF have confirmed this was done as a precautionary measure in case there was an intermittent fault – but no fault was ever actually identified or confirmed. But I note the invoice confirms: "Carried out wiring harness tests and suspect intermittent fault with starter motor." I'm therefore persuaded there was a suspected starter motor fault. I think it's unlikely repairs costing over £1,100 would've been carried out if there was nothing wrong with the car. And having considered Mr L's testimony, an intermittent fault seems more likely than a low battery, as he was able to get the car started and drive it at times.

I've seen a diagnostic report that confirms no faults with the car, but this was dated after the starter motor repairs. I also can't see what date the video of the car starting successfully was taken – so it's possible this could've been after repairs were completed.

Based on what I've seen, I'm persuaded it's more likely than not there was a starter motor fault when the car was supplied to Mr L. And while the car was used with considerable mileage, I don't think a reasonable person would expect there to be a fault preventing the car from starting immediately after acquiring it. So, I don't think the car was of satisfactory quality when it was supplied to Mr L.

Putting things right

Having determined the car wasn't of satisfactory quality when it was supplied to Mr L, I've next considered what MIVF should do to put things right.

The CRA provides a short term right to reject the car within the first 30 days if it was of unsatisfactory quality. Here, I can see Mr L formally requested to reject the car on 15 July 2024, due to persisting faults after repairs were carried out. I'm therefore satisfied Mr L made his intention to exercise his short term right to rejection within the first 30 days.

MIVF should therefore end the agreement and ensure Mr L isn't charged for any collection or storage costs. When cancelling the agreement, MIVF should remove any adverse information recorded on Mr L's credit file in relation to this agreement.

MIVF have confirmed Mr L made one payment towards his agreement. However, he claimed this and his deposit back via chargeback through his bank. So, there isn't anything for MIVF to refund to Mr L.

Mr L is seeking significant compensation from MIVF for the psychological damage caused by witnessing a fatal accident while broken down. I empathise with Mr L and don't dispute the distress this would've caused him, but I'm unable to reasonably conclude MIVF are responsible for this. The accident Mr L witnessed was an external event unrelated to the quality of his car. While it was unfortunate that he saw this happen while broken down, there is always a risk of witnessing accidents at any time while on the road.

However, Mr L has provided screenshots of messages that show he was stranded at a petrol station for hours which I don't doubt was distressing and inconvenient. Additionally, his car wasn't ready to collect and he was provided with a courtesy car he says wasn't like for like, he says his car didn't start on a total of six occasions and he had to return his car again for further repairs after collection.

I've considered that MIVF has already offered £150 compensation to Mr L, which seems to have been paid. Mr L has also had some usage of the car while it was in his possession. And while it was at the dealership for repairs the first time, he was provided with a courtesy car to keep him mobile. While I accept Mr L's use of the car was impaired, I would still consider it reasonable for him to pay some of his monthly payments for the use he had. I therefore don't think it would be reasonable to ask MIVF to pay Mr L any more for the distress and inconvenience caused."

Responses to my provisional decision

I invited both parties to respond with any further points or evidence they wanted me to consider before I issued my final decision on this complaint.

Mr L accepted my provisional decision and didn't offer any further comments or submissions for my consideration.

MIVF didn't agree. In summary, they said no starting issue was identified by the dealership or a third-party garage. They provided a further email from the third-party garage confirming they were unable to find any fault with the starter motor but replaced it under instruction. The dealership say this was authorised as a precaution to avoid rejection. Additionally, they said Mr L agreed to repairs and therefore isn't entitled to exercise a short-term right to reject under the CRA.

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 those set out in my

provisional decision, for the same reasons.

It's important to explain I've read and taken into account all of the information provided by both parties, in reaching my decision. If I've not reflected something that's been said it's not because I didn't see it, it's because I didn't deem it relevant to the crux of the complaint. I'm aware I've summarised MIVF's response in significantly less detail. This isn't intended as a courtesy to either party, but merely to reflect my informal role in deciding what a reasonable outcome is. 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.

I've set out within my provisional decision why I'm persuaded it's more likely than not Mr L's car had a starter motor fault when it was supplied to him. I've considered the repairing garage's comments, but just because they were unable to replicate the fault at the time of testing doesn't mean the fault didn't exist. The comments noted on the invoice at the time confirmed a suspected intermittent starter motor fault following wiring harness tests. And as explained, this seems consistent with Mr L's testimony, and the evidence he's provided of the starting issues he experienced.

I've carefully considered what Mr L has told us about his experience with the car and note he has been consistent throughout his testimony to both MIVF and this service. As mentioned above, Mr L has provided video evidence of the car not starting and time-stamped screenshots of images and messages that show the length of time he was unable to move from a petrol station, as well as outbound calls to the dealership. I think it's highly unlikely Mr L would go to the trouble of contacting the dealership for help, sitting at the petrol station for hours, returning the car and complaining to MIVF, if the issue didn't occur as he described.

MIVF say the starter motor repair was authorised only to prevent rejection of the car. But had there been no fault that would make the car of unsatisfactory quality, Mr L wouldn't have had the right to rejection in any event. For the reasons I've set out above, I'm persuaded it's more likely than not there was a fault resulting in intermittent issues starting the car – and this fault meant the car wasn't of satisfactory quality when it was supplied to Mr L.

The CRA says Mr L had a short term right to reject within the first 30 days if the car was of unsatisfactory quality. To exercise this right, Mr L was required to indicate to the trader that he was rejecting the goods, and this must be clear enough to be understood by the trader. On 15 July 2024, Mr L sent an email to the dealership and MIVF to inform them of persisting faults, including the failure to start, following the repairs carried out by the dealership. Within this email, he said:

"I explicitly stated in writing from the outset that I would exercise my right of cancellation if the issues were not rectified in a timely manner. Despite providing ample opportunity for the faults to be rectified, the lack of a satisfactory resolution has led me to my decision to return the car."

I draw your attention to the Sale of Goods Act 1979, specifically Section 14, which stipulates that goods must be of satisfactory quality. Based on my assessment, I believe the car sold to me does not meet this standard, thereby contravening Section 14 of the Sale of Goods Act 1979.

I hereby request a full refund for the vehicle. I anticipate your prompt acknowledgment of this letter to facilitate arrangements for a refund within the next 7 days. I have ceased using the vehicle in line with my decision for cancellation and request that you arrange for its collection at your earliest convenience."

I'm satisfied this made Mr L's intention to exercise his short-term right to reject the car explicitly clear. And while Mr L did later return the car to the dealership, I don't agree he did this for repairs to be carried out. After returning the car, he emailed the dealership requesting a full refund within seven days. And Mr L continued to make his intention to reject the car clear following this, including claiming his deposit and payment back via chargeback.

So, having considered all of the available evidence, I'm persuaded on balance that it's more likely than not the car had an intermittent starter motor fault that made the car of unsatisfactory quality when it was supplied to Mr L. And Mr L clearly exercised his short-term right to reject within the first 30 days, so MIVF should now settle the complaint in accordance with what I've set out within my provisional decision.

My final decision

For the reasons explained, my final decision is that I uphold Mr L's complaint about MI Vehicle Finance Limited and direct them to:

- End the agreement with nothing further for Mr L to pay, including any collection or storage costs;
- Pay the £150 compensation initially offered if they haven't done so already;
- Remove any adverse information recorded on Mr L's credit file in relation to this credit agreement. The credit agreement should be marked as settled in full on his credit file, or something similar, and should not show as voluntary termination.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 7 November 2025.

Nicola Bastin
Ombudsman