

The complaint

Mr D complains about the quality of a vehicle that was supplied through a motor finance agreement with STARTLINE MOTOR FINANCE LIMITED (SMF).

What happened

In January 2025, Mr D acquired a used car through a hire purchase agreement with SMF. The car was about seven years old and had travelled 77,950 miles when it was supplied to Mr D. The cash price of the car was £12,995. A deposit of £3,000 is listed, so the total amount financed on the agreement was £9,995 payable over 59 monthly repayments of £259.87 followed by a final repayment of £269.87.

Mr D said that after around eight days the car was undriveable due to a failed engine. He said the car has been repaired, but he's incurred financial losses in excess of £1,400 as a result.

In June 2025, SMF issued their final response to Mr D's complaint which they partially upheld. In summary it confirmed Mr D raised a complaint in April 2025, about a noise coming from the engine and an illuminating engine management light. It said a third-party garage advised the engine required replacing. It said despite Mr D requesting a rejection of the car, the dealership was repairing it as was agreed, and so they were unable to facilitate a rejection. It arranged to make a payment to Mr D of £300 to cover costs incurred and compensation for the distress and inconvenience caused.

Unhappy with their decision, Mr D brought his complaint to our service where it was passed to one of our Investigators to look into.

In his complaint form, Mr D said the car hadn't been returned to him yet. He said the situation has left him struggling with daily activities, caused missed payments and late fees and affected his credit rating. Mr D says he's experienced disruption and stress as a result.

Within their file submission, SMF confirmed that an independent inspection arranged by the dealership supported the issues raised by Mr D. It advised there were some delays from the dealership. They confirmed the car was collected on 31 May 2025, for repairs and that they were reviewing the costs incurred by Mr D.

SMF confirmed they were currently in the process of unwinding Mr D's finance agreement. They'd also be refunding him two monthly repayments and the costs for the original diagnostics.

In August 2025, SMF issued a second final response to Mr D's complaint. It confirmed Mr D advised the issues persisted after it was returned to him and that he wanted to reject the vehicle, it said they were facilitating a rejection of the car and a refund of the monthly repayments made, less fair usage. It also said the dealership would be arranging a refund of the deposit paid.

In an email dated in August 2025, Mr D confirmed he'd received his deposit back but was still unhappy that he was being charged for his warranty, his credit file was damaged, and he's been denied finance for a second vehicle.

Mr D told the Investigator that he hadn't received the full refund from SMF. SMF responded to say Mr D made four payments in total and three were refunded to him and retained for fair usage. They said this was in addition to the £300 and £90 he was refunded previously.

In October 2025, the Investigator issued their view and recommended that the actions taken by SMF to resolve the complaint was fair and reasonable in the circumstances.

Mr D didn't accept the Investigators view as he considered his financial losses were greater than what he'd received back from SMF. He confirmed the refund for the warranty was being processed, however, that he was seeking a reimbursement of further costs he incurred in the region of £1,000.

The investigator's view remained unchanged, so Mr D asked that his complaint be referred to an ombudsman for a final decision.

Mr D made some further submissions for the attention of the ombudsman, it said it was inappropriate to consider the age and mileage of the car as any justification for SMF's actions, there was further financial losses due to delays, and he remains out of pocket when SMF appears to have received a full refund from the dealership.

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.

In considering what is fair and reasonable, I've thought about all the evidence and information provided afresh and the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider to have been good industry practice at the relevant time.

Firstly, I'm aware that I've summarised this complaint in far less detail than the parties and I've done so using my own words. I'm not going to respond to every single point made by all the parties involved. No discourtesy is intended by this. Instead, I've focussed on what I think are the key issues here.

Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts. 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 argument to be able to reach what I think is the right outcome.

Mr D complains about a hire purchase agreement. Entering into consumer credit contracts like this is a regulated activity, so I'm satisfied we can consider Mr D's complaint about SMF. SMF is also the supplier of the goods under this agreement, and is responsible for a complaint about their quality.

The Consumer Rights Act 2015 (CRA) is relevant in this case. It says that under a contract to supply goods, there is an implied term that "*the quality of the goods is satisfactory, fit for purpose and as describe.*"

To be considered as satisfactory, the CRA says the goods need to meet the standard that a reasonable person would consider satisfactory, considering any description of the goods, the price and all the other relevant circumstances.

So, it seems likely that in a case involving a car, the other relevant circumstances a court would consider might include things like the age and mileage at the time of sale and the vehicle's history.

Here, Mr D acquired a used car which had covered 77,950 miles and which cost around £13,000. So, I think a reasonable person would not have the same expectation of quality in comparison to a newer model, which had less mileage. But I still think they would expect the car to be free from any major defects and would expect trouble free motoring for both some time and distance.

From the information provided I'm satisfied there was a fault with the car. I don't think this is in dispute by either party. The independent inspection carried out on the car confirmed that the vehicle required substantial repairs which included a turbocharger, EGR system, and DPF which would have been present at the point of sale. SMF upheld this element of Mr D's complaint. So, what appears to be in dispute is how the complaint should be resolved.

Mr D raised a number of concerns regarding the financial and emotional impact the whole situation has had on him. SMF have provided around three final responses relating to the issues raised.

In summary, from the information provided I'm satisfied that to settle things, SMF (along with the dealership) have already done the following:

- refunded three monthly repayments and retained one for fair usage
- refunded £300 for distress and inconvenience and costs
- reimbursed £90 for diagnostic charges
- refunded Mr D's deposit and warranty
- amended Mr D's credit file

However, Mr D told our Investigator he remained unhappy because he's out of pocket having had to pay for tax and insurance on a second vehicle whilst he wasn't able to use his other one. He also said the mileage deduction was disproportionate, having only driven around 1,780 miles and the impact on his credit file has affected him

I've thought about what SMF have already paid to Mr D in resolution of the complaint and I'm satisfied that all the payments refunded and reimbursed as described above were fair and largely in line with how I would expect SMF to facilitate a rejection of a vehicle, in the specific circumstances of this complaint, when goods are considered to be of unsatisfactory quality.

Having said that, I believe Mr D should receive interest on any refunds or reimbursements, as he was deprived of those funds. I asked the Investigator to inform both parties that I was likely to agree with the Investigator's view, but intended to instruct SMF to apply 8% simple interest to the refunded or reimbursed amounts. SMF confirmed they accepted this. Mr D acknowledged the addition of interest but stated that he considered the redress unfair. He requested that I also take into account the consequential losses he incurred on his second vehicle.

Firstly, I acknowledge what Mr D has said about SMF retaining more than one repayment. SMF have provided evidence that Mr D made four repayments towards his agreement. I haven't seen any contradictory documentary evidence to support what Mr D has said. In the circumstances I think it's fair that he receives a refund for the time he's not been able to use the car and that SMF retain a payment for fair usage.

Under the CRA, fair usage can be applied for faulty goods which have had some use. Based on Mr D's admission that he was able to travel around 1,780 miles in the car, I'm satisfied a month's repayment fairly reflects this.

I've given thought to the additional costs Mr D has said he's incurred. However, I don't think SMF should have to absorb this.

Although Mr D would have arranged for the use of a second vehicle because of the repairs to his car, it remains his responsibility to ensure its insured and taxed. The refund of the monthly repayments for when he didn't have use of the car recognises the loss. Any further arrangements made by Mr D during that period would be his choice and responsibility.

In relation to his credit file The Information Commissioner's Office (ICO) Principles for the Reporting of Arrears, Arrangements and Defaults at Credit Reference Agencies (CRA) says: *"Lenders that supply data to the CRAs are required to ensure that the data is accurate, up to date and meets agreed quality standards"*.

I'm satisfied that SMF were required to accurately report credit information during the period of his complaint. However, given the vehicle is being rejected I'm satisfied that SMF should amend Mr D's credit file to ensure no adverse information exists in relation to the agreement. SMF have already agreed to do this, so I'm satisfied this is fair in the circumstances.

Mr D has described the distress and inconvenience the whole situation has caused him. In his complaint form he said the situation has left him struggling with day-to-day activities, caused missed payments and significant stress and disruption to his life. I'm satisfied that £300 in compensation fairly recognises this, so I think what SMF have paid him is fair in the circumstances.

My final decision

To settle the complaint, STARTLINE MOTOR FINANCE LIMITED have ended the agreement with nothing further to pay, refunded three monthly repayments Mr D has made, paid £300 compensation and reimbursed him £90 to cover the cost of diagnostics. They've agreed to pay Mr D 8% simple interest on the refunds and reimbursements, and they've also started the process of amending Mr D's credit file in relation to this agreement.

I think this is fair in all the circumstances. So, I'm not going to ask STARTLINE MOTOR FINANCE LIMITED to do anything more.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 5 February 2026.

Benjamin John
Ombudsman