DRN-5874311

The complaint

Miss J complains that information wasn't disclosed to her when she acquired a used car under a hire purchase agreement with MI Vehicle Finance Limited ("MI").

What happened

The parties are familiar with the background of this complaint so I will summarise what happened briefly here.

In March 2024 Miss J entered into a hire purchase agreement with MI to buy a used car. The cash price of the car was around £30,600.

Miss J later made enquiries about part exchanging the car. She said she was told the car had been stolen and recovered as it had been sold through a salvage auction.

Miss J complained to MI in February 2025. She said she wasn't told about this when she bought the car which meant she had been mis-sold the agreement. She said the marker affected the value of the car which left her in a difficult position with the finance. She said she was led to believe the car was fit for purpose. She said she was prevented from selling unless she took a loss of around £13,000.

MI told Miss J that the car had been free from markers at the point of sale; it didn't issue a final response but told her that she could refer to the Financial Ombudsman as its time to consider the complaint had run out.

Miss J referred her complaint to the Financial Ombudsman. She provided evidence that she'd tried to part exchange the car and originally was offered £25,034 which was then reduced to £21,315 due to the stolen and recovered marker. In June 2025 she said the mileage of the car was around 80,200, but she had sold the car. She said she was unhappy that MI hadn't offered any assistance and due to circumstances around her health she didn't want any further stress.

An investigator here considered the complaint. He said that he didn't think there was a misrepresentation, or misleading omission. The car hadn't been written off and he had seen that the broker had completed relevant checks and were unaware. He didn't uphold the complaint.

Miss J disagreed; in summary she said:

- She'd never suggested the car was an insurance write-off so that wasn't relevant.
- The stolen marker was present, and it was never disclosed to her.
- If the seller did not disclose the marker, then that would be a breach of the Consumer Rights Act 2015 (CRA).
- Suggesting that selling a car with a stolen marker was acceptable, because it didn't show on checks, wasn't acceptable.

As an agreement couldn't be reached the complaint has been passed to me to make a decision.

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 need to have regard to 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.

I've read and considered the evidence submitted by both parties, but I'll focus my comments on what I think is relevant. If I don't comment on a specific point, it isn't because I haven't considered it, but because I don't think I need to comment in order to reach what I think is the right outcome. This is not intended as a discourtesy but reflects the informal nature of this service in resolving disputes.

Section 56 of the Consumer Credit Act 1974 has the effect of holding MI responsible for any antecedent negotiations between Miss J and the broker, who acted as MI's agent when setting up the hire purchase agreement. What this means is that anything the broker said or did when arranging the hire purchase agreement, I can consider against MI. In this case the selling dealer is not the broker, so MI aren't responsible for any negotiations carried out directly with the selling dealer.

I've not seen any persuasive evidence that Miss J was told something that turned out to be false, so I don't think that that there's a clear false statement of fact or that the agreement was misrepresented to her. But I think the information about car's history could be relevant and if key information about the history of the car wasn't disclosed that can be a misleading omission.

I've reviewed relevant guidance issued by the Chartered Trading Standards Institute (CTSI)[1]. That information sets out to the motor trade steps to take in terms of compliance with relevant law[2], such as avoiding misleading actions or omissions, and poor or unfair practices.

The guidance says that making a misleading omission could be unfair. An example given is that of failing to provide information relating to the car's previous accident or write-off history if the credit broker is aware of it. Their awareness of it is a key consideration here.

I've considered the guidance alongside the checks that were carried out before Miss J entered the agreement, and whether those checks should have alerted the broker to the history of the car. And in this case, I don't think they should have done. The credit broker has shown they carried out a check with a third party prior to referral to MI. This check is used to assess a number of things about the car in question – including whether or not the car has previously been in an accident, stolen, or written-off – as well as any previous finance agreements and the number of previous registered keepers. I'm satisfied that it's likely these checks wouldn't have led the credit broker to make any additional enquiries about how the car had been used, or how it had been recorded on other databases. I say this because having seen the evidence of the check, it didn't report any concerns with the car. It didn't

[1] Car traders and consumer law – Guidance for dealerships – can be found at https://www.businesscompanion.info/focus/car-traders-and-consumer-law

[2] Among other things, the Consumer Protection from Unfair Trading Regulations 2008, the Consumer Rights Act 2015, and the Consumer Contract Regulations 2013

show the car had been classified as stolen, or had any other markers applied to it. The third party that supplied the check is recognised in the industry although clearly other third parties can produce similar checks. As such, I don't think the credit broker needed to continue to make enquiries about the previous history of the car, as there wasn't anything contained in their checks that would have alerted it about any other database information.

I appreciate more checks could have been carried out by the broker, and Miss J has shown that it's possible to find out the car was previously sold at a salvage auction. But just because other checks could have been completed, it doesn't mean that MI have misled Miss J or treated her unfairly by undertaking the checks they chose to at the point of supply. I'm more satisfied than not that the checks completed prior to Miss J entering the agreement were adequate in this case. There's no obligation on a trade seller making further checks, with specific providers, although equally there's nothing stopping a potential buyer from doing so.

Miss J discovered that the car had previously been sold at a salvage auction, a fact that all parties appear to accept. She questioned why our investigator considered whether the vehicle had been written off. I consider this a relevant line of enquiry, as industry guidance outlines when a vehicle must be reported as stolen or written off—information that feeds into the databases used by third parties conducting vehicle history checks.

In reviewing this, I referred to the Association of British Insurers (ABI) Code of Practice[3], which provides criteria for categorising salvage vehicles. According to the code, only recovered vehicles that have sustained damage require categorisation. Vehicles that are recovered with minimal or no damage fall outside the scope of this code. It says:

"*Recovered stolen vehicles that are undamaged or with only minor non-structural damage fall outside of this code of practice. All recovered vehicles must be notified to* [the Motor Insurance Anti-Fraud Theft Register]. *The record must not be deleted*."

The evidence that's been provided to me doesn't show that any of the ABI specified salvage categorisations apply to Miss J's car. MI have provided evidence of four different third-party checks, none of which include information about the car being recorded as stolen. Only one third party check shows that the car was previously sold through a salvage auction. But it's contradictory because it also says the car wasn't recorded as stolen.

I've seen the details of the salvage auction in December 2020. The car is described as stolen/recovered with a retail value of £49,889. The mileage at the sale was 2529, and the description says, "*Damage to this vehicle is normal wear and minor dents/scratches*". The images don't show any obvious damage and there's no indication the car has been written off or had structural damage. Based on the retail value, which I've checked and matches average retail valuations at the time, I'm more persuaded that the car was sold at auction after an insurer settled a claim and recovered the car with light or no damage.

I know Miss J has concerns that the re-sale value of the car has now been adversely impacted by the salvage status. She's let us know that she has now sold the car and settled the finance agreement. She's let us know that she did manage to sell the car for around £25,400 with mileage of around 80,200.

The valuation of a car depends on several factors, including mileage, service history, and market conditions. Miss J has since sold the car, and based on the evidence provided, the price she achieved appears consistent with market valuations for similar vehicles with comparable mileage at that time.

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[3] ABI Code of practice for the categorisation of motor vehicle salvage – November 2019

I understand that Miss J will be disappointed with the outcome, and I'm sorry about that. It's possible that some dealers reduced or withdrew their offers due to the car's salvage auction history. However, the quoted price does not necessarily reflect the car's true market value, as buyers are free to make purchasing decisions based on their own criteria. In this case, a dealer was willing to purchase the car, and I've seen no evidence to suggest that the offer she accepted was inconsistent with the car's condition or prevailing market values.

I've not seen any evidence which shows that the issue has affected Miss J's usage of the car, that it was not fit for purpose or as described. So, considering all the individual circumstances of this complaint I find I don't have grounds to direct MI to compensate her.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss J to accept or reject my decision before 11 November 2025.

Caroline Kirby
Ombudsman