

The complaint

Mr D is unhappy that a van supplied to him under a hire purchase agreement with MotoNovo Finance Limited was of an unsatisfactory quality.

What happened

In April 2024, Mr D was supplied with a used van through a hire purchase agreement with MotoNovo. He paid a £1,500 deposit and the agreement was for £10,488 over 60 months; with 59 monthly payments of £224.88 and a final payment of £225.88. At the time of supply, the van was around two and a half years old and had done 94,000 miles (according to the agreement).

Mr D says that, after picking up the van, the oil level light was on, and he had to have the oil and filter changed at a local garage. On 30 September 2024, the van stopped working. He again took it to a local garage and was told it needed a new engine at a cost of around £8,000. Unhappy with this, he complained to MotoNovo.

MotoNovo arranged for the van to be inspected by an independent engineer. This inspection took place on 1 November 2024 when the van had done 100,404 miles – around 6,000 miles after it was supplied to Mr D some five months earlier. The engineer found there was no coolant in the engine, the oil was ‘black, slimy, thick, and congealed’, and the engine had seized. Given that the van had done over 100,000 miles, and Mr D had been able to drive it for around 6,000 miles before the fault occurred, the engineer said the fault hadn’t been present when the van was supplied to Mr D.

Based on this report, MotoNovo didn’t uphold the complaint. However, they said that, if Mr D could provide them with evidence of a fault with the coolant system, by way of a report from a VAT registered garage, they would reconsider the matter. Unhappy with this response, Mr D brought his complaint to the Financial Ombudsman Service for investigation.

Our investigator said that, as there was no evidence of any fault with the van that was either present or developing when it was supplied to Mr D, the van was of a satisfactory quality at supply. So, MotoNovo didn’t need to do anything more.

Mr D said he’d been told the engine seized because of a failing coolant system and because of oil leaking into the turbo. He provided a report from a VAT registered garage dated 9 March 2025. They said that, after stripping out the engine for replacement *“it was apparent [the van] had been in a front end accident. The slam panel was bent. A new bumper was put on to cover up the damage. The impact would not have done the engine any favours.”* The garage also said that the head gasket had failed and all the coolant had leaked into the oil – *“when draining the oil out, there was more coolant in there than oil.”* Finally, the garage said that, in their opinion, *“the vehicle was sold with these underlying problems.”* Video and photographic evidence of what the garage found was also supplied.

The investigator didn’t think the report from the garage changed their opinion.

Mr D provided a further report from the garage, dated 19 March 2025. This confirmed that *“the thermostat housing was leaking which in turn sucked coolant into the engine bores. The head gasket failed, which in turn dumped coolant into the engine, the injectors and the turbo. There was a vast amount of coolant found in the oil sump, there was more coolant than oil found there. This had the adverse effect of the engine seizing ... under no circumstances would an engine come to the end of its life at 100,000 miles and even more so on a diesel engine. In my opinion the vehicle was sold with these underlying problems and it was only a matter of time before the full extent of the problem occurred.”*

The reports Mr D obtained, along with the photo and video evidence, were sent to the independent engineer for comment. The engineer said that, after reviewing these *“we would consider that the fault could have been in development at the point of sale”* but they cannot say 100% that it was. MotoNovo were asked if this changed their stance on the complaint, but they didn't reply.

I issued a provisional decision on 1 October 2025, where I explained my intention to uphold the complaint. In that decision I said:

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 D was supplied with a van 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 van should've been of a satisfactory quality when supplied. And if it wasn't, as the supplier of goods, MotoNovo 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.

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 van was supplied, unless MotoNovo can show otherwise. So, if I thought the van was faulty when Mr D took possession of it, and this made the van not of a satisfactory quality, it'd be fair and reasonable to ask MotoNovo to put this right.

I've seen a copy of the independent engineer's report, dated 1 November 2024. While the engineer initially considered that the issues with the engine weren't present when the van was supplied to Mr D, this was based on a visual inspection only. However, the engineer said, “we recommend further investigation is to be carried out under workshop conditions to ascertain the root cause. The faults may have been considered to have been cause [sic] due to poor servicing or a potential fault to the cooling system due to the coolant being depleted.”

Mr D had the engine stripped and inspected by an independent garage, and they produced two reports dated 9 and 19 March 2025. The key elements of these reports are detailed above, so I won't repeat them here. However, in conclusion, the garage found an underlying fault with the cooling system that had caused the engine to seize, and they considered this to be present or developing when the van was supplied to Mr D.

After reviewing the garage's reports, including the photo and video evidence, the independent engineer agreed that the underlying coolant fault could have been present when the van was supplied, although they could not be 100% sure of this.

As I've explained above, where evidence is incomplete or contradictory, I've reached my view on the balance of probabilities. And, in this instance, a detailed report based on a full engine strip down carried out by an independent garage has concluded there was an underlying fault with the van when it was supplied to Mr D. What's more, after reviewing this report, the independent engineer hasn't said that this fault wasn't present when the van was supplied to Mr D. As the fault occurred within the first six-months, the CRA requires MotoNovo to evidence the fault wasn't present when the van was supplied, and I'm not satisfied they've done that. As such, on the balance of probabilities, I'm satisfied the van was supplied to Mr D with an underlying fault that made it of an unsatisfactory quality. So, MotoNovo need to do something to put things right.

Section 24(5) of the CRA gives MotoNovo a single chance of repair. And they haven't yet had the opportunity to repair the car, as they've only been in possession of the independent garage's report, and the independent engineer's comments on this report, for a few weeks. But I also need to consider if allowing MotoNovo this chance of repair is fair in the circumstances, and in this case I don't. And I'll explain why.

The cash price of the van was £11,988 when it was supplied to Mr D, and both time and mileage would've reduced this value. Mr D has said he's been told the cost of a replacement engine would be around £8,000, which I consider to be in the region of what this work would usually cost. As such, I don't think it would be economically viable for MotoNovo to repair the van and, in these circumstances, I think allowing Mr D to reject the van is fairer to both parties. However, if, in their comments on my provisional decision, either party can provide a persuasive argument as to why the van should be repaired, then MotoNovo will have the right to attempt this repair under the CRA.

The van has been off the road and undrivable since 30 September 2024, and Mr D wasn't supplied with a courtesy vehicle. As such, he was paying for goods he was unable to use. As, for the reasons already stated, I'm satisfied the van was off the road due to it being of an unsatisfactory quality when it was supplied, and as MotoNovo failed to keep Mr D mobile; I'm satisfied they should refund the payments he made during this period.

Mr D has also incurred the costs of having the engine stripped down and inspected. And, given that the van wasn't of a satisfactory quality when supplied, I think it's also only fair that MotoNovo reimburse these costs.

Finally, I think Mr D should be compensated for the distress and inconvenience he's been caused by the above. 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.

Having considered this, I think MotoNovo should pay Mr D an additional £200 to recognise the distress and inconvenience he's been caused by the complaint. I think this is significant enough to recognise the worry and upset Mr D would've felt by having the engine seize on the van, and by having to arrange for the engine to be stripped down and inspected. So, this is a payment I intend to direct MotoNovo to make.

Therefore, unless either party can provide a persuasive argument as to why MotoNovo should be allowed the single chance of repair given the cost of repair against the value of the van, I intend to ask them to:

- *end the agreement, ensuring Mr D is not liable for any monthly payments after the point of collection (if any payments are made, these should be refunded);*
- *collect the van at no collection cost to Mr D;*
- *remove any adverse entries relating to this agreement from Mr D's credit file;*
- *refund the deposit Mr D paid (if any part of this deposit is made up of funds paid through a dealer contribution, MotoNovo is entitled to retain that proportion of the deposit);*
- *refund the payments Mr D has made from 30 September 2024 until when the agreement is ended;*
- *upon receipt of proof of payment, reimburse Mr D for the cost of having the engine stripped down and inspected in March 2025;*
- *apply 8% simple yearly interest on the refunds/reimbursements, calculated from the date Mr D made the payments to the date of the refund[†]; and*
- *pay Mr D an additional £200 to compensate him for the trouble and inconvenience caused by being supplied with a van that wasn't of a satisfactory quality (MotoNovo must pay this compensation within 28 days of the date on which we tell them Mr D accepts my final decision. If they pay later than this date, MotoNovo 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 MotoNovo to take off tax from this interest, MotoNovo must give Mr D a certificate showing how much tax they've taken off if he asks for one.

For clarity, if I'm provided with a persuasive argument as to why the van should be repaired, then I will be asking MotoNovo to arrange for these repairs to be completed instead of asking them to end the agreement, take back the van, and refund the deposit. And, if repairs have already been completed, this will affect what payments I will be asking MotoNovo to refund.

Responses

MotoNovo didn't agree with my provisional decision. They said that, while the independent engineer has said there could have been a fault with the van when it was supplied to Mr D, there is no substantive evidence to support this was the case, and the independent engineer had concluded that the faults were down to wear and tear as a result of lack of maintenance.

They also said that Mr D's testimony was that there were 'no warning lights, no prior issues, and only regular oil changes since purchase', and the supplying dealership had said the van was in a satisfactory condition with no pre-existing issues when it was supplied. As such, they thought I should revise my provisional decision, "*giving due weight to the [independent] engineer's findings and the full circumstances of the case.*"

Mr D generally agreed with my findings, and provided evidence that he'd had the van repaired at a cost of just over £13,000. He said that he'd taken out a loan to cover these costs and said that MotoNovo should cover the repair costs and any interest he'd incurred as a result. He also thought that MotoNovo should cover his loss of earnings, which he estimated to be around £6,000, for the period he was without use of the van.

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.

I've considered the comments raised by MotoNovo about the independent engineer's report and the evidence of when the fault with the van occurred. I covered this in depth in my provisional decision (copied above), so I won't repeat it in detail here. However, for clarity, I consider the following to be relevant:

- the initial report by the independent engineer was based on a visual inspection of the van only – there was no strip down of the engine involved, so the evidence available for the inspector to draw their conclusions was limited due to this.
- Mr D has provided two reports from an independent VAT registered garage, based on the strip-down of the engine. These reports both clearly state the issues with the engine, that they were likely caused by the failure of the thermostat housing and therefore not by any lack of maintenance, and that the issues were present at the point of supply.
- the independent garage has also clearly confirmed that the failure is not a mileage, and therefore not a normal in-service wear and tear, related issue.
- after reviewing all the additional evidence, the independent engineer didn't rule out that the issue was present when the van was supplied to Mr D, only saying they couldn't 100% confirm this – as I've explained above, the burden of proof I'm considering is that of the balance of probabilities, not 100% certainty.

For the reasons explained within my provisional decision, I'm satisfied that, on the balance of probabilities, the issues with the engine were present or developing when the van was supplied to Mr D. MotoNovo's latest comments don't alter my view given the relevant facts above, and a statement from the supplying dealership (who aren't independent in this matter) saying this wasn't the case isn't sufficient for me to ignore the comments of the independent garage and independent engineer.

I've also considered the comments made by Mr D. In my provisional decision I explained how I would change the proposed remedy if I was provided with a persuasive argument why the van should be repaired, and Mr D providing me with evidence that the van has already been repaired is sufficient for me to say that he should no longer have the right to reject the van and receive a refund of the deposit he paid. Instead, I'm satisfied that MotoNovo should refund the repair costs as opposed to arranging to repair the van themselves.

Mr D has said that he's taken a loan to fund the repairs, and that MotoNovo should pay him £22,000 – the amount of the loan plus all interest charged over the full term. I don't think this is fair, and I'll explain why.

Mr D took out a loan to fund the repair costs, and (presumably) he's been making the payments to this loan. So, when MotoNovo reimburse him the repair costs, he's able to repay the loan early (at which point he'll receive an interest rebate, reducing the amount payable) and anything he's repaid off the capital balance will be returned to him by way of the difference between the amount he received from MotoNovo and the settlement amount.

As such, asking MotoNovo to pay Mr D for interest that hasn't been, and won't be, charged would put him in a position of betterment. While it is the case that Mr D will have paid a small amount of interest for the period he would've had the loan, I'm satisfied that the additional payments I'm asking MotoNovo to make will adequately compensate him for this.

Mr D has also asked about loss of earnings. I have noted that the investigator asked Mr D if the van was predominantly being used for business purposes, and he said it wasn't. Instead, he confirmed that the van was being used for a combination of personal and business use. This is important, as if Mr D had financed the van solely or predominantly for business

purposes, it could impact the underlying law applicable to this matter, and in certain circumstances could even mean that we were unable to consider a complaint.

That said, Mr D has only provided an estimate of what he considered his loss of earnings to be. He hasn't provided any proof by way of lost contracts, jobs that weren't able to be completed etc. So, given this, I won't be asking MotoNovo to compensate Mr D for any potential loss of earnings he may have incurred.

In my provisional decision I explained that, in the instance where repair takes place, this will affect the payments I'm asking MotoNovo to refund. While I originally said they should refund all payments since the van broke down on 30 September 2024, Mr D has provided evidence that the van was repaired on 27 March 2025. As such, any payment refund should be capped at this date.

Finally, as I've already explained, I think MotoNovo should pay Mr D £200 for the distress and inconvenience he's been caused. The comments from either party haven't changed my view that this is a fair and reasonable amount and, along with the payment refunds, this also adequately compensates Mr D for any nominal interest he may have paid on the loan he took out.

As such, for the reasons given, I see no compelling reasons why I shouldn't adopt my provisional decision as my final decision.

Therefore, MotoNovo should:

- refund Mr D the £336 recovery and inspection fees he paid on 8 October 2024;
- refund Mr D the £13,308.12 engine replacement costs he paid on 27 March 2025;
- refund the payments Mr D paid between 30 September 2024 and 27 March 2025;
- apply 8% simple yearly interest on the refunds, calculated from the date Mr D made the payments to the date of the refund[†]; and
- pay Mr D an additional £200 to compensate him for the trouble and inconvenience caused by being supplied with a van that wasn't of a satisfactory quality (MotoNovo must pay this compensation within 28 days of the date on which we tell them Mr D accepts my final decision. If they pay later than this date, MotoNovo 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 MotoNovo to take off tax from this interest, they must give Mr D 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 D's complaint about MotoNovo Finance Limited. And they are to follow my directions above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 12 November 2025.

Andrew Burford
Ombudsman