

The complaint

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

What happened

In April 2023, Mr H was supplied with a used electric car through a hire purchase agreement with Carmoola. He paid an advance payment of £652, and the agreement was for £10,048 over 60 months; with 59 monthly payments of £252 and a final payment of £253. At the time of supply, the car was just over four years old and had done 73,315 miles (according to the MOT record for 14 February 2024).

The car broke down on 4 May 2025 and was taken to a manufacturer's dealership, where it was confirmed that the traction motor had failed due to an insulation fault. The manufacturer agreed to repair the car and to cover 70% of the cost, with Mr H paying the remaining 30%.

Mr H wasn't happy that the traction motor had failed, so he complained to Carmoola. However, they didn't uphold the complaint as they didn't think the issue with the traction motor was present or developing when the car was supplied to Mr H. So, while Mr H paid the 30% to get the car back on the road, he also brought his complaint to the Financial Ombudsman Service for investigation.

Our investigator said that the traction motor wasn't a consumable item and was expected to last at least 150,000 miles. They didn't think the motor's integrity should've been compromised at a relatively low mileage, so they didn't think the car was sufficiently durable when it was supplied. And this made it of an unsatisfactory quality.

As such, the investigator said that Carmoola should reimburse Mr H the 30% repair costs he paid, refund him a payment for the month the car was off the road, and pay him an additional £150 compensation for the distress and inconvenience that he's been caused.

Carmoola didn't agree with the investigator's opinion. They didn't think there was any evidence the issue with the traction motor was present or developing when the car was supplied to Mr H, so they weren't liable for any repair costs. They also considered the age and mileage of the car to be a factor and didn't think this had been taken into consideration. So, they asked that this matter be sent to an ombudsman 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 H 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, Carmoola 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 Carmoola can show otherwise. So, if I thought the car was faulty when Mr H 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 Carmoola to put this right.

I've seen a copy of the breakdown report dated 4 May 2025, which shows the car failed at 78,528 miles. I've also seen that a manufacturer approved garage replaced the traction motor and associated parts on 20 June 2025 when the mileage was still 78,528 miles. While I've noted Carmoola's comments about not knowing what the fault with the car actually was, I'm satisfied that, as a manufacturer approved dealer has replaced the traction motor, and as the manufacturer has covered 70% of the costs of this, it's more likely than not that the issue was with the traction motor. So, I don't need to see any independent reports confirming this.

What's more, given the mileage record, I'm satisfied the car was off the road between the breakdown on 4 May 2025 and the completion of the repair on 20 June 2025.

As stated above, where a fault occurs on a car after the first six months after supply, it's presumed not to have been present at the point of supply, unless there is evidence to the contrary or if the car wasn't sufficiently durable. In this instance, it's not disputed that the car failed more than six months after supply, and there is no evidence to show that the car failed due to something that was present or developing when the car was supplied.

Given this, I need to consider whether the car was sufficiently durable.

The traction motor on the make and model of the car supplied to Mr H has very few moving parts and is expected to last the lifetime of the vehicle – in practice between 100,000 and 150,000 miles. The manufacturer also provides a 100,000-mile warranty on the traction motor (subject to the car being less than five years old).

Given this, I'm satisfied that the traction motor on the car supplied to Mr H failed sooner than could be reasonably expected. And, as the manufacturer covered 70% of the repair costs, even though the car was outside of the five-year warranty period, this shows me that the traction motor failed sooner than the manufacturer reasonably expected. As such, it's reasonable for me to conclude that the traction motor in the car supplied to Mr H wasn't sufficiently durable, and this makes the car of an unsatisfactory quality at the point of supply. So, Carmoola need to do something to put things right.

Putting things right

The car was off the road and undrivable between 4 May and 20 June 2025. During this period, Mr H wasn't supplied with a courtesy car. As such, he was paying for goods he was unable to use. As, for the reasons already stated, I'm satisfied the car was off the road due to it being of an unsatisfactory quality when it was supplied, and as Carmoola failed to keep Mr H mobile; I'm satisfied they should refund the payments he made during this period.

Mr H has also provided evidence of the £1,583.22 he paid the manufacturer's approved garage on 21 June 2025, as his 30% contribution towards the traction motor replacement. And, given that the car wasn't of a satisfactory quality when supplied, I think it's only fair that Carmoola reimburse him these costs.

Finally, I think Mr H should be compensated for the distress and inconvenience he's been caused. 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 Carmoola pay Mr H an additional £150 to recognise the distress and inconvenience he's been caused by this matter, especially as a secondary carer for a family member. And 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 Carmoola to make

Therefore, Carmoola should:

- refund the equivalent of the payments made to cover the period 4 May to 20 June 2025;
- reimburse Mr H the £1,583.22 repair costs he paid on 21 June 2025
- apply 8% simple yearly interest on these refunds/reimbursements, calculated from the date Mr H made the payments to the date of the refund[†]; and
- pay Mr H 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 (Carmoola must pay this compensation within 28 days of the date on which we tell them Mr H accepts my final decision. If they pay later than this date, Carmoola 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 Carmoola to take off tax from this interest, Carmoola must give Mr H 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 H's complaint about Carmoola Limited. And they are to follow my directions above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 8 January 2026.

Andrew Burford
Ombudsman