

## **The complaint**

Mrs M complains about the quality of a car she has been financing through an agreement with FIRST RESPONSE FINANCE LIMITED ('First Response').

## **What happened**

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mrs M took receipt of a used car in October 2024. She financed the deal through a hire purchase agreement with First Response.

The car had mechanical faults and as the dealership were unable to complete repairs First Response agreed to allow Mrs M to reject the car and end the finance agreement. It offered to refund one monthly rental in respect of loss of use and provide £50 in compensation for the distress and inconvenience experienced.

Our investigator didn't think that was sufficient compensation and First Response agreed to increase that to £250. When Mrs M explained that she'd needed to get insured on another vehicle at times to keep mobile, First Response offered to increase the compensation to £350 to cover the cost of that insurance although they didn't agree to refund the individual daily insurance costs Mrs M had incurred as they felt they could have been somewhat mitigated.

Mrs M didn't think that was fair compensation, so the complaint has been referred to me, an ombudsman, to make a final 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.

I know it will disappoint Mrs M, but I think the offer of redress that First Response have now made is a fair one. I'll explain why.

Where the information I've got is incomplete, unclear, or contradictory, as some of it is here, I have to base my decision on the balance of probabilities.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point, it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

Mrs M acquired her car under a hire purchase agreement. This is a regulated consumer credit agreement and as a result our service is able to look into complaints about it.

The Consumer Rights Act (2015) is the relevant legislation. It says that the car should have been of satisfactory quality when supplied. If it wasn't then First Response, who are also the supplier of the car, are responsible. The relevant law also says the quality of goods is satisfactory if they meet the standard that a reasonable person would consider satisfactory taking into account any description of the goods, the price and all the other relevant circumstances.

There's no longer a dispute that this car was of unsatisfactory quality. It had a problem with the differential and the brakes. In those circumstances, the relevant legislation allows a business an opportunity to repair the vehicle but as that's not been possible here, I think First Response have been reasonable to allow Mrs M to reject the car and to end the finance agreement she has with them.

They've offered to recompense Mrs M for the loss of use she's had from the car and having considered the breakdown and repair history, and the mileage Mrs M was able to cover in the car, albeit it with some faults, I think a monthly instalment is reasonable recompense.

Mrs M wouldn't have had to get insurance cover for another vehicle if the car she had been financing had been of satisfactory quality. So, I think it would be reasonable for First Response to make a payment to cover the cost of that insurance. But I don't think First Response have been unfair not to refund the individual daily payments Mrs M made as I think Mrs M could have been expected to mitigate those costs and could have done so by agreeing a longer period of insurance. I understand that promises were made that parts would be delivered and the car would be fixed, but it would have seemed likely that a repair couldn't be completed quickly. And, regardless, I think a further £100 in compensation is sufficient to cover insurance payments over the period in question. I don't think First Response need to add interest to that payment as the offer was to encompass the likely costs and not to directly refund them.

Mrs M will have been distressed and inconvenienced by these issues. I've read about the impact the issues have had on her mental health and about the difficulties she had getting to hospital appointments, and I can understand the inconvenience of having to chase repairs that never came to fruition. But I don't find First Response's actions wholly without merit. It appears that when they provided their responses repairs were planned, and the relevant legislation allowed them that opportunity. And when they were aware a repair wasn't possible, they did respond quickly to amend their offer of redress. All told, I think £350 in compensation adequately compensates Mrs M for the distress, inconvenience and costs incurred as a consequence of the car being supplied in an unsatisfactory condition.

### **My final decision**

For the reasons I've given above, I uphold this complaint in part and tell FIRST RESPONSE FINANCE LIMITED to:

- Allow Mrs M to reject the car, collect it at no cost to her and end the finance agreement, unless they have already done so.
- Refund one monthly finance instalment and add 8% simple interest\* per year from the date of payment until the date of settlement unless they've already done that.
- Pay Mrs M £350 for the distress, inconvenience and costs incurred as a consequence of the car's unsatisfactory quality.
- Remove any adverse reports they may have made to Mrs M's credit file in relation to this issue.

\*If HM Revenue & Customs requires the business to take off tax from this interest, they must give the consumer a certificate showing how much tax it's taken off if the consumer asks for

one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 1 December 2025.

Phillip McMahon  
**Ombudsman**