

The complaint

Ms S complains that Tandem Motor Finance Limited didn't accept her rejection of a car that was supplied to her under a hire purchase agreement.

What happened

A used car was supplied to Ms S under a hire purchase agreement with Tandem Motor Finance that she electronically signed in January 2025. The price of the car was £12,500, Ms S paid a deposit of £3,500 and she agreed to make 59 monthly payments of £244.73 and a final payment of £254.73 to Tandem Motor Finance. There were some issues with the car and Ms S notified the dealer of her rejection of it in March 2025.

She then complained to Tandem Motor Finance and to this service. Tandem Motor Finance then upheld Ms S's complaint and said that it would proceed to unwind the agreement. It said that: she would be contacted to arrange recovery of the car; it would make a fair usage deduction of 25p per mile, which would be deducted from a refund of Ms S's deposit and the monthly payments that she'd made under the agreement; it would arrange for her credit file to be updated to remove the loan; and it credited £500 to her as a gesture of goodwill.

Ms S's complaint was then looked at by one of this service's investigators who initially didn't recommend that it should be upheld, but in response to further comments from Ms S and having considered everything, thought that her complaint should be upheld. He recommended that Tandem Motor Finance should: fully action its offer on how to resolve Ms S's complaint; pay a refund of the service costs that Ms S incurred in July 2025; and pay interest on all refunded amounts.

Tandem Motor Finance hasn't accepted the investigator's recommendation and has asked for this complaint to be referred to an ombudsman for a decision. It says, in summary, that it would deem it to be Ms S's responsibility to bear the cost of the service and it's unreasonable that it would be expected to cover the wearable items paid for in a service, after months of usage and miles driven, when it has awarded £500 as a gesture of goodwill in resolution of the complaint. It says that Ms S isn't allowing the collection of the car, even though the unwind has been completed and Ms S is out of the agreement with relevant refunds paid, so it's reinstating the hire purchase agreement.

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.

Ms S says that there were issues with the car when it was supplied to her so she exercised her short term right to reject the car and she complained to Tandem Motor Finance. It upheld her complaint and said that: she would be contacted to arrange recovery of the car; it would make a fair usage deduction of 25p per mile, which would be deducted from a refund of Ms S's deposit and the monthly payments that she'd made under the agreement; it would

arrange for her credit file to be updated to remove the loan; and it credited £500 to her as a gesture of goodwill. It says that the agreement was unwound and the refunds were paid, but Ms S hasn't allowed the collection of the car.

Ms S paid £875.71 for work on the car in July 2025. She'd already notified the dealer of her rejection of the car and had complained to Tandem Motor Finance and this service, but it hadn't responded to her. Ms S says that the work included new brake pads as an inspection in March 2025 had identified that the brakes were defective and the car had only been driven for about 400 miles between March and July 2025. I can see that the car passed an MOT test in November 2025, when its mileage was recorded as 124,067 miles, which was only about 500 miles more than the mileage shown on the July 2025 invoice.

I consider that Ms S's rejection of the car in March 2025 should have been accepted and, had that happened, she wouldn't have incurred the cost for the work in July 2025. Ms S won't have received the full benefit of that work and I find that it would be fair and reasonable in these circumstances for Tandem Motor Finance to pay £875.71 to Ms S to reimburse her for those costs, and to pay interest on that amount. The £500 that it has paid to Ms S was a goodwill gesture and wasn't to compensate her for costs that she'd incurred.

Ms S says that she exercised her short term right to reject the car and Tandem Motor Finance mustn't impose any fee, no deduction for use is lawful and any mileage after rejection was unavoidable and caused solely by Tandem Motor Finance's failure to act without undue delay in collecting the car. Tandem Motor Finance says that Ms S hasn't allowed the collection of the car. Ms S has continued to use the car since she notified the dealer that she was rejecting it. I consider that it's fair and reasonable for Tandem Motor Finance to charge her for the use that's been had from the car since it was supplied to her and that's it's fair and reasonable in these circumstances for it charge her for that use at a rate of 25p for each mile.

Putting things right

Tandem Motor Finance says that the refunds were paid to Ms S and I agree with the investigator that it should fully action its offer on how to resolve Ms S's complaint. That includes: ending the hire purchase agreement (if it's been reinstated); arranging for the car to be collected from Ms S at no cost to her; and ensuring that any information about the hire purchase agreement that it's reported to the credit reference agencies is removed from Ms S's credit file.

It will also need to calculate the difference between the amount that it's paid to Ms S and the amount that I've said that it should pay to her. That includes a refund of the deposit and all other payments made by Ms S under the hire purchase agreement (with interest, but less a fair usage deduction of 25p for each mile that the car's been driven since it was supplied to Ms S), a payment of £875.71 to reimburse Ms S for the cost of the July 2025 work (with interest) and the £500 goodwill gesture.

If that calculation results in an amount due to Ms S, it should pay that amount to her. If it results in an amount owed by Ms S, it should agree an affordable repayment arrangement with her for the outstanding amount. Where interest is to be paid, it should be at an annual rate of 8% simple from the date of each payment to the date of settlement. HM Revenue & Customs requires Tandem Motor Finance to deduct tax from any interest to be paid to Ms S and it must give her a certificate showing how much tax it's deducted if she asks it for one.

My final decision

My decision is that I uphold Ms S's complaint and order Tandem Motor Finance Limited to

take the actions described above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 11 February 2026.

Jarrold Hastings
Ombudsman