

The complaint

Mr W complains that Advantage Finance Ltd refused his request to either reject a faulty car or be paid redress.

What happened

On 12 June 2023 Mr W acquired a second-hand car at a cost of £11,600 funded by a deposit of £495 and the balance with a hire purchase agreement provided by Advantage. It was some nine years old and had covered 74,000 miles.

Within a few months an intermittent warning light came on, but due to its intermittent nature no diagnosis was obtained. The car ceased running in July 2025 and the RAC recovered it. Mr W contacted Advantage on 8 July to seek assistance. It arranged for an independent inspection and it also refunded Mr W's July payment. The inspection took place on 22 July. The inspector concluded there was a gearbox failure, but there was no evidence to show this fault was present or developing at the time of sale. Advantage declined Mr W's request. In response to Mr W's complaint it issued a final response letter on 5 August 2025.

Mr W brought a complaint to this service where it was considered by one of our investigators who didn't recommend it be upheld. Mr W explained his personal circumstances and the problems he had encountered due to having no car and the emotional strain it had placed on him and his family.

Our investigator said it was clear there was a fault with the car, but there was no clear evidence that the fault had been present or developing at the point of sale. He did not consider Advantage had done anything wrong.

Mr W didn't agree and said the fault only came to light when the car came to a stop. He had previous concerns about the car due to warning lights coming on and he suggested the gearbox fault had remained undetected for two years. He said the fact the car had passed all its MOT tests did not mean the car was fault free. He also doubted the accuracy of the independent inspection and noted it had not been done in a garage. He asked that Advantage remove the car to protect it. He reiterated the impact of the loss of the car on him and his family for whom he and his partner are carers.

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.

When the evidence is incomplete, inconclusive or contradictory as some of it is here – I've reached my outcome on the balance of probabilities – that is, what I consider likely to have happened given the available evidence and the wider circumstances.

I want to acknowledge that I've summarised the events of the complaint. I don't intend any discourtesy by this – it just reflects the informal nature of our service. I also want to assure Mr W that I've reviewed everything on file. If I don't comment on something, it's not because

I haven't considered it. It's because I've concentrated on what I think are the key issues. Our powers allow me to do this.

I should make it clear that the role of the Financial Ombudsman Service is to resolve individual complaints and to award redress where appropriate. I do not perform the role of the industry regulator and I do not have the power to make rules for financial businesses or to punish them.

I have every sympathy with Mr W and I appreciate the importance of the car to him and the needs of his family. However, I do not consider I can uphold his complaint. I will explain why.

This complaint is about the handling of Mr W's request by Advantage and I do not have the power to consider the actions of any other party including the selling garage. That means I do not consider I need address Mr W's request that I obtain the report on the car by the AA when it was sold.

Mr W has made his claim under section 75 Consumer Credit Act 1974. However, the legislation does not apply to hire purchase contracts. But there is an alternative route under consumer law which allows Mr W to pursue his claim.

Under Section 56 of the Consumer Credit Act, finance providers can be held liable for what the credit broker and seller say about the goods (vehicle) before the regulated credit agreement is entered into by the consumer and before the purchase is made.

This refers to 'antecedent negotiations'. This means if Mr W entered a credit agreement for a vehicle and it turns out something he was told about the agreement by the credit broker, which induced him into entering the contract, was false, the broker can be held responsible for the actions of the broker under certain circumstances.

The Consumer Rights Act 2015 is relevant to this complaint. This says that goods must be of satisfactory quality when supplied. Cars are of satisfactory quality if they are of a standard that a reasonable person would regard as acceptable, taking into account things such as the age and mileage of the car and the price paid. The legislation says that the quality of the goods includes their general state and condition, and other things like fitness for purpose, appearance and finish, freedom from minor defects, safety and durability.

The car supplied to Mr W was second-hand, so I'd expect it to have a degree of wear and tear and to require more repairs and maintenance than, say, a brand-new car. So, in order to uphold this complaint, I would need to be persuaded that there was an inherent fault with the car at the point of supply, as opposed to a fault which occurred due to general wear and tear.

Based on what I've seen, I'm satisfied that there was a fault with the car. I say this because both the RAC and the independent inspector confirm that the gearbox has failed.

I've gone on to consider whether the fault meant that the car wasn't of satisfactory quality at the point of supply. An independent inspection report can help to determine whether a car is of satisfactory quality.

In this case an inspection was carried out by an independent and reputable company. I appreciate Mr W has his doubts about the inspection, but I have no reason to go against the inspector's findings. These read as follows:

"CONCLUSION

Our opinion, being based on a physical assessment, diagnostic evidence, written and verbal information supplied, observations made by the engineer and our previous experience:

- *The fault relates to a loss of drive in both forward and reverse, confirmed during inspection.*

The transmission fluid leak is substantial and visible, most likely caused by a failed transmission oil cooler pipe or connector, which has allowed fluid to escape and hydraulic pressure to fall below the level required for gear selection.

- *The retrieved fault codes (P072C00, P170100, U010100, P072F00) strongly support this conclusion, indicating:*

- o *Malfunction in the TCM (Transmission Control Module)*

- o *Hydraulic engagement errors*

- o *Gear selection prohibitions*

- *The condition of the vehicle otherwise appears consistent with age and mileage, and there were no signs of misuse or physical impact.*

LIABILITY & DURABILITY ASSESSMENT

- *The vehicle was purchased over two years ago and has since covered more than 11,000 miles.*

- *It passed an MOT in April 2025, confirming its roadworthy condition well after the date of sale.*

- *There is no evidence to indicate the fault was present or developing at the time of purchase.*

- *The failure of transmission cooler pipes or associated seals is a wear-related maintenance issue, not a defect that would invoke dealer liability this long after sale.*

- *The fault has emerged well into the ownership period, and in our experience, this is a routine transmission service item, particularly on high-mileage automatic vehicles.*

- *The repair code been born by the vehicle owner on the grounds of general maintenance."*

I have been given no grounds which would allow me to ignore this assessment by an experienced professional mechanic. Mr W has supplied the report by the RAC which recovered the car, but this says nothing about the cause or the origins of the fault.

I appreciate Mr W had concerns about intermittent warning lights shortly after he acquired the car, but there is no evidence to show these were connected to the gearbox. He is making the claim and he has had the car for some two years so the onus is on him to demonstrate the fault was present at the point of sale. I regret to say that I do not believe Advantage was given persuasive evidence to support Mr W's claim.

I appreciate that the MOT does not examine the gearbox, but it can spot issues which relate to a faulty gearbox such as slipping or clunking noises or warning lights. Mr W had the car for two years and has covered some 11,000 miles before the failure so it is unlikely that the fault was present at the point of sale and lay dormant for this period. I also note the MOT records show the car passed all tests without advisories apart from two very minor matters in 2018.

Cars being mechanical objects suffer wear and tear and a car that is 11 years old can suffer major malfunctions. I cannot say that a failure after 11 years on the road and two years with Mr W can be said to be not sufficiently durable.

I also consider Advantage handled this fairly and addressed Mr W's claim without delay and gave him one month rebate as a gesture of goodwill.

In conclusion Mr W has been very unfortunate and he has my sympathies, but I cannot say Advantage has done anything materially wrong.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 27 December 2025.

Ivor Graham
Ombudsman