

## **The complaint**

Miss H complains about the redress provided by FIRST RESPONSE FINANCE LIMITED (who I'll call FRF) when they approved rejection of a car she had been financing through an agreement with them.

## **What happened**

Miss H took receipt of a used car in April 2025. She financed the deal through a hire purchase agreement with FRF. She had problems with the car and when repairs failed, an independent inspection was commissioned. The inspector confirmed there were still faults with the vehicle and concluded that the vehicle was not of satisfactory quality or durable at the point of sale.

FRF therefore approved rejection of the car. They took the car back, ended the agreement, refunded Miss H's deposit, refunded all finance instalments paid less one that they retained for fair use and they said they would pay Miss H £200 in compensation for the distress and inconvenience caused.

Miss H was unhappy with that resolution so she referred her complaint to this service. Our investigator thought the settlement was fair but that FRF should also refund the cost of the independent inspection and/or any diagnostic Miss H had completed and could evidence paying for.

Miss H didn't think the investigator had gone far enough. She thought it was unreasonable of FRF to have retained a monthly instalment and she thought they should refund the costs she'd incurred for transportation when she didn't have the car. Miss H asked for a decision by an ombudsman.

## **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 agree with the investigator's view of this complaint and for broadly the same reasons. 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.

Miss H acquired her car under a regulated consumer credit agreement. This means our service is able to consider complaints about it.

There's no dispute the car wasn't of satisfactory quality, and repairs failed. FRF was right to allow rejection and end the agreement. In those circumstances we would also expect a business to return the consumer's deposit and refund the finance instalments that were paid less a deduction for the use the consumer has had from the car. Miss H travelled a little over 1,200 miles in the car and although I recognise that some of that mileage was to return the car for repairs and that the use was impaired because of the issues with the car, I think it's fair to deduct a monthly rental to reflect the use Miss H had.

Miss H had extra travel costs while her car was being repaired. However, FRF had already refunded the finance instalments for those periods, so she wasn't paying for the car at the same time. Because of this, I don't think it would be fair to also require FRF to cover her travel expenses.

Miss H has been inconvenienced by these issues as she had to get the fault diagnosed and she had to take it to be repaired. She's also had to use public transport at times while waiting to get her car back. FRF offered £200 in compensation and I think that was reasonable in the circumstances.

I understand that Miss H also paid a £300 administration fee. The finance agreement covered the cost of the car that was noted on the invoice and I can't see it covered the administration fee Miss H paid. It wouldn't therefore be fair to tell FRF to refund it.

Miss H did need to pay to have the fault diagnosed. Those costs were incurred because the car was supplied in an unsatisfactory condition and will need to be refunded to Miss H if she can provide evidence of payment or invoices to FRF. They will need to add 8% simple interest to that refund and to all other refunds, from the date of payment to the date of settlement as Miss H will have been deprived of that money.

### **My final decision**

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

- End the finance agreement and collect the car (unless they've already done that).
- Refund any costs Miss H can evidence she paid to have faults diagnosed. Add 8% simple interest per year from the date of payment to the date of settlement.
- Refund the £400 deposit adding 8% simple interest per year from the date of payment until the date of settlement (unless they've already done that).
- Refund all finance instalments save one that they can retain for fair usage. Add 8% simple interest per year from the date of payment to the date of settlement (unless they've already done that).
- Pay Miss H £200 to compensate her for the distress and inconvenience caused.
- Remove any adverse reports they may have made to Miss H's credit file in respect of these issues.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 29 December 2025.

Phillip McMahon  
**Ombudsman**