

The complaint

Mr C complains about the quality of a vehicle that was supplied through a motor finance agreement with Close Brothers Limited trading as Close Brothers Motor Finance (CBL).

What happened

In October 2024, Mr C acquired a used car through a conditional sale agreement with CBL. The vehicle was about nine years old, had travelled 77,277 miles, and was acquired for £13,495. Under the agreement, Mr C was required to make 59 monthly repayments of £301.39 and a final repayment of £311.39.

Shortly after taking possession of the car, Mr C reported that it developed a mechanical fault which he said was not covered by the warranty. He explained that three inspections took place: one suggested the issue was pre-existing, while two concluded that it developed after the point of supply. Mr C maintained that the vehicle was not of satisfactory quality when supplied.

Mr C initially complained to the broker about a fault concerning the rear wheel bearing, providing a manufacturer's report and repair quote. However, following an independent inspection arranged by the broker, they did not uphold the complaint, deeming the report to be inconsistent with Mr C's concerns.

He then escalated the matter to CBL, stating he felt misled and without recourse. Mr C argued that whether the issue was pre-existing or arose shortly after supply, he should have been protected under the Consumer Rights Act 2015. He sought a free repair, a full refund, or suitable compensation.

In July 2025, CBL issued its final response, not upholding the complaint. CBL confirmed faults relating to the rear differential and rear passenger-side wheel bearing, and referenced a second independent inspection which found the dealership not liable.

Unhappy with this outcome, Mr C brought his complaint to our service. He provided copies of all three inspection reports. I've summarised their conclusions as follows:

Inspection 1 – 14 February 2025 (83,406 miles)

Further investigation was recommended to determine whether the issue existed at inception. The report identified a rotational noise from the rear of the vehicle, possibly caused by worn differential bearings due to long-standing fluid loss.

Inspection 2 – 27 May 2025 (88,588 miles)

A noise consistent with rear differential bearing wear was confirmed. The report suggested the leak had accelerated the issue. It stated that the bearing wear was unlikely to have been present at inception, but that further examination of repair and MOT history was required.

Inspection 3 – 1 July 2025 (90,648 miles)

An abnormal, constant rotational noise was recorded, worsening under load to the offside rear. Further checks into the wheel bearings were recommended. The report concluded that the fault would not have been present at the point of sale and was worsened by continued driving.

In July 2025, Mr C booked the vehicle into a manufacturer garage and incurred repair costs of £2,648, with an additional £1,900 still outstanding for further work to the drive shaft and wheel bearing.

In November 2025, our investigator issued a view recommending that the complaint not be upheld, concluding that the vehicle had been of satisfactory quality at the time of supply. Mr C disagreed, citing the 2023 MOT advisory relating to the rear differential and maintaining the car was supplied with existing defects. He requested that the case be referred to an ombudsman for 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.

In considering what is fair and reasonable, I've reviewed all the information afresh and taken into account the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and, where appropriate, what I consider to have been good industry practice at the relevant time.

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.

Mr C complains about a conditional sale agreement. Entering into consumer credit contracts like this is a regulated activity, so I'm satisfied we can consider Mr C's complaint about CBL. CBL is also the supplier of the goods under this agreement, and is responsible for a complaint about their quality.

The Consumer Rights Act 2015 (CRA) is relevant in this case. It says that under a contract to supply goods, there is an implied term that "*the quality of the goods is satisfactory, fit for purpose and as described*". To be considered as satisfactory, the CRA says the goods need to meet the standard that a reasonable person would consider satisfactory, considering any description of the goods, the price and all the other relevant circumstances.

So, it seems likely that in a case involving a car, the other relevant circumstances a court would consider might include things like the age and mileage at the time of sale and the vehicle's history.

My starting point is that CBL supplied Mr C with a used car that had travelled 77,277 miles. With this in mind, I think it's fair to say that a reasonable person would expect the level of quality to be less than that of a brand-new car with lower mileage; and that there may be signs of wear and tear due to its usage.

From the information provided I'm satisfied there was a fault with the rear differential and wheel. This is apparent from the independent inspection reports which confirmed the issues

and an email from a mechanic carrying out the repairs confirming the repairs which were required. Having concluded the car had a fault, I've considered whether it was of satisfactory quality at the time of supply.

Satisfactory quality

In his complaint, Mr C said that he believes the car was supplied to him in a condition that wasn't of satisfactory quality. He also referred to a previous MOT test carried out in 2023, which advised that there was a slight oil leak from the rear differential.

Mr C has said that the issue presented itself shortly after supply and so believes he should have been protected under the CRA. According to system notes, Mr C raised the issue with CBL in June 2025; however, a complaint response from the broker suggests the issue was experienced by Mr C within the first six months from supply. Given the issue presented itself then, under the CRA the onus is on the trader to look into the issue.

CBL system notes confirm what Mr C has told us — that the manufacturer's garage investigated and diagnosed an issue with the rear differential. However, two independent inspections, arranged by the warranty provider and by the broker respectively, both concluded that further investigations would be required to determine whether the fault was present or developing at the point of sale.

I recognise Mr C refers to the comments on the 2023 MOT about a leak from the rear differential and believes the issue was likely developing prior to the car being supplied to him; however, although I don't doubt the issues may be related, I don't consider this would necessarily have made the car of unsatisfactory quality.

I'm aware that, when well maintained, rear differentials can last for the lifetime of some vehicles; however, I'm also aware that many other factors can affect and reduce life expectancy. For example, lubrication, overheating, and wear of gears, bearings, and certain driving conditions can also impact in-service wear.

Mr C acquired the car after it had travelled in excess of 75,000 miles, so I don't think it's unreasonable to consider that components would have experienced wear and tear from previous use. So, I don't think the issue developing at the point of sale would necessarily mean the component was inherently faulty. Mr C would have paid less for the car than he would have if it were brand new, and I consider this a reflection of the used condition in which the car was supplied.

Importantly, what I find most compelling in this case is that of all three independent inspections carried out on the car, none of them confirmed that the issue with the differential was due to an inherent fault or a problem with durability. None of the reports gave the opinion that the dealership was liable. In addition, two of the reports advised that Mr C's continued usage of the car would likely have exacerbated the issue and made it worse.

From the first inspection in February 2025, Mr C continued to use the car despite being aware an issue was present. So, I don't consider that he reasonably mitigated the problem. In total, Mr C was able to travel over 13,000 miles since supply. So, I don't think it's unreasonable that the car would experience issues with the rear differential given the unknown usage history, the fact it was around ten years old, and that it had travelled in excess of 90,000 miles.

I recognise Mr C feels strongly about the condition of his car and that he shouldn't have had to pay what he has for repairs; however, from the evidence provided, I'm not persuaded the issues were the result of the car being of unsatisfactory quality when it was supplied to him.

My final decision

My final decision is that I don't uphold Mr C's complaint about Close Brothers Limited trading as Close Brothers Motor Finance.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 6 March 2026.

Benjamin John
Ombudsman