

The complaint

Mrs S complains about the quality of a car that was supplied through a hire purchase agreement with Marsh Finance & Commercial Limited (MFCL).

Mrs S has been represented on this complaint. But to keep things simple I'll only refer to Mrs S in my decision.

What happened

In March 2025, Mrs S acquired a used car through a hire purchase agreement with MFCL. The car was about eight years old and had travelled 84,248 miles when it was supplied to Mrs S. The cash price of the car was £10,950. No deposit is listed, so the total amount financed on the agreement was £10,950 payable over 57 monthly repayments of £288.83.

Mrs S complains that within ten days of taking delivery, the car developed a serious fault. She reported that the engine began knocking loudly and her local garage advised that the vehicle had lost oil pressure, despite showing no warning lights or error codes. The garage recommended not starting the car to avoid further damage.

Mrs S explained that she is disabled and relies on a vehicle daily for medical appointments. She expressed disappointment that the car broke down so soon after purchase, particularly given the positive reviews of the business. Mrs S said she experienced delays in getting the car repaired and said she was still required to make payments during this period.

In an email dated 24 April 2025, MFCL advised the car's engine needed replacing, but that it would likely take some time to complete.

Later in April 2025, MFCL issued their final response to the complaint which they upheld. In summary, it said the dealership had accepted responsibility for the faults and will arrange to repair the issue or unwind the agreement.

Unhappy with the situation, Mrs S brought their complaint to our service where it was passed to one of our Investigators to look into.

Within their file submission, MFCL advised that Mrs S declined the option to unwind the agreement and asked that the car be repaired. They also advised that as of 4 June 2025, the car was repaired and collected by Mrs S.

During a phone call with the Investigator in August 2025, Mrs S said she wasn't provided with a courtesy car during the repairs, and the engine wasn't replaced but rebuilt, the fuel was leaking and the issues are unresolved.

In September 2025, Mrs S informed the Investigator that the car experienced engine failure and was off the road. Mrs S asked for a full refund and expenses reimbursed. Mrs S raised a further complaint with MFCL about the issues following the repair. MFCL acknowledged Mrs

S' further concerns and was investigating the issues following the repair as a separate complaint.

In September 2025, our Investigator issued their view and recommended that Mrs S's complaint should be upheld. In summary the Investigator looked at the issues up to the repair of the vehicle and concluded that as Mrs S wasn't provided with a courtesy car MFCL should refund the monthly rental for that period, along with £150 in compensation for the distress and inconvenience caused.

Mrs S accepted the recommendation, however MFCL didn't respond to the Investigator's view and so the complaint has been passed to 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.

In considering what is fair and reasonable, I've thought about all the evidence and information provided afresh and 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.

Mrs S complains about a hire purchase agreement. Entering into consumer credit contracts like this is a regulated activity, so I'm satisfied we can consider Mrs S's complaint about MFCL. MFCL 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.

Here, Mrs S acquired a used car which was about eight years old, had covered 84,248 miles and which cost around £10,950. So, I think a reasonable person would not have the same expectation of quality in comparison to a newer model, which had less mileage. But I still think they would expect the car to be free from any major defects and would expect trouble free motoring for both some time and distance.

From the information provided I'm satisfied there was a fault with the car. Both parties have agreed on this point, that the engine had failed. MFCL also confirmed the engine required replacing and that the dealership had accepted responsibility for the issue.

Given this is the circumstances here I don't consider the quality of the car when it was supplied to Mrs S is in dispute. MFCL have already confirmed the dealership had accepted responsibility and had offered to repair the car or to unwind the agreement. Mrs R confirmed in an email to MFCL that she wanted to have the vehicle repaired.

What appears to be in dispute here is what the fairest resolution should be, given the car wasn't of satisfactory quality.

After the repair was completed, Mrs S reported further issues with the car. MFCL acknowledged these concerns and confirmed they were investigating them as a separate complaint. As MFCL hasn't agreed to combine these matters, my decision focuses only on events leading up to its final response in April 2025.

Putting things right

Given the car wasn't of satisfactory quality when it was supplied, MFCL will need to put things right.

MFCL gave Mrs S the option to have the vehicle repaired or to have the agreement unwound. Under the CRA both options were reasonable. Mrs S confirmed to MFC6L that she preferred a repair of the car and so I'm satisfied this option was a reasonable and fair in the circumstances.

However, Mrs S advised the car was in for repairs from 10 April 2025 up to 30 May 2025. I've seen no evidence of this, but it's consistent with an email from MFCL who confirmed in early June 2025, that the repairs were completed and Mrs S had collected it. So, I've no reason to doubt what Mrs S has said here.

Mrs S however, has said she wasn't kept mobile during the period of repair. Given the car wasn't of satisfactory quality I'm satisfied that MFCL should refund Mrs S a pro rata amount of her monthly repayments for this period.

Mrs S has also described the distress and inconvenience caused as a result of the issues as it's impacted her ability to get about in particular given her disability. In the circumstances I'm of the same opinion as the Investigator that £150 fairly recognises this, so I'll be instructing MFL to pay this to Mrs S.

My final decision

Having thought about everything above along with what is fair and reasonable in the circumstances I uphold this complaint and instruct Marsh Finance & Commercial Limited to:

- Pay a pro rata refund of rentals to Mrs S for the period she was without use of the car (as described in my decision) while it was being repaired
- Pay Mrs S £150 in compensation for the distress and inconvenience caused

Marsh Finance & Commercial Limited should pay 8% yearly simple interest on all refunds calculated from the date of payment to the date of settlement.

If Marsh Finance & Commercial Limited considers that it's required by HM Revenue & Customs to withhold income tax from the interest part of my award, it should tell Mrs S how much it's taken off. It should also give Mrs S a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 25 December 2025.

Benjamin John
Ombudsman