

The complaint

Miss H is unhappy that a car supplied to her under a hire purchase agreement with Oodle Financial Services Limited was of an unsatisfactory quality.

What happened

In November 2024, Miss H was supplied with a used car through a hire purchase agreement with Oodle. She paid an advance payment of £3,000 and the agreement was for £24,495 over 60 months; with an initial payment of £623.59, 58 monthly payments of £573.59, and a final payment of £623.59. At the time of supply, the car was around six years old and had done around 25,750 miles.

The car broke down on 1 April 2025, and Miss H complained to Oodle. They arranged for the car to be inspected by an independent engineer, and this inspection took place on 19 May 2025. At the time of this report, the car had done 32,844 miles – around 7,000 miles since it had been supplied to Miss H. The engineer had found that the engine had seized but recommended it was removed and stripped, so further investigation could take place and any liability determined.

Following an engine strip down, a further inspection by an independent engineer took place. This inspection happened on 16 July 2025, and the engineer said the engine failure had most likely been caused by debris entering a cylinder. They also said there was no evidence of oil starvation. However, they said the engine in the car was a replacement and did not match the one detailed on the V5C document.

The engineer subsequently said the faults with the car weren't present or developing at the point of supply and *"based on the mileage the vehicle has covered a failure of this kind is in my opinion not premature."* As a result of this report, Oodle didn't uphold the complaint. Unhappy with this response, Miss H brought her complaint to the Financial Ombudsman Service for investigation.

Our investigator didn't think the car was reasonably durable, and the engine would be expected to last more than 33,000 miles before failing. So, this made the car of an unsatisfactory quality when it was supplied. But they didn't think the replacement engine meant that the car had been misrepresented by the supplying dealership.

The investigator said that Oodle should now allow Miss H to reject the car, with a refund of the deposit she paid, along with a refund of the payments made since the engine failed on 1 April 2025 (less the £300 Oodle had already paid Miss H for this). The investigator also said that Oodle should reimburse Miss H for her breakdown recovery and diagnostic costs, as well as paying her £150 for the distress and inconvenience she'd been caused.

Miss H said the engine had now been replaced, at a cost of £9,295, and she would prefer to keep the car if Oodle would cover the costs of these repairs. She also said that she had to hire a car as she had no other transportation, and she thought these costs should also be covered. Oodle didn't agree with the investigator's opinion, saying they relied upon the independent engineer's comments that the car was sufficiently durable when it was supplied.

The investigator issued a revised opinion, saying that Oodle should cover the costs of repair, rather than allowing rejection of the car, although the other recommendations remained unchanged. Oodle still disagreed with this, so the matter has been passed to me to decide.

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.

Having done so, I've reached the same overall conclusions as the investigator, and for broadly the same reasons. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome. Where evidence has been incomplete or contradictory, I've reached my view on the balance of probabilities – what I think is most likely to have happened given the available evidence and wider circumstances.

In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and (if appropriate) what I consider was good industry practice at the time. Miss H was supplied with a car under a hire purchase agreement. This is a regulated consumer credit agreement which means we're able to investigate complaints about it.

The Consumer Rights Act 2015 ('CRA') says, amongst other things, that the car should've been of a satisfactory quality when supplied. And if it wasn't, as the supplier of goods, Oodle are responsible. What's satisfactory is determined by things such as what a reasonable person would consider satisfactory given the price, description, and other relevant circumstances. In a case like this, this would include things like the age and mileage at the time of sale, and the vehicle's history and its durability. Durability means that the components of the car must last a reasonable amount of time.

The CRA also implies that goods must conform to contract within the first six months. So, where a fault is identified within the first six months, it's assumed the fault was present when the car was supplied, unless Oodle can show otherwise. So, if I thought the car was faulty when Miss H took possession of it, or that the car wasn't sufficiently durable, and this made the car not of a satisfactory quality, it'd be fair and reasonable to ask Oodle to put this right.

Miss H was provided with a car that had done a relatively low mileage – around 25,750 miles – but, despite this, the car had already had a replacement engine. However, the reasons why this was needed are unknown, and while this could've been as a result of something done by the previous owner, it could also have been as a result of an underlying issue with the car.

The engine failed again at 32,844 miles. I've reviewed the independent engineer's reports and comments and noted they say the faults that caused the engine failure weren't premature i.e., any reasonable person would expect engine failure in a six-and-a-half-year-old car that's done less than 33,000 miles.

I've seen that the car has been serviced as follows:

- September 2021 at 7,576 miles
- October 2023 at 20,520 miles
- October 2024 at 25,758 miles

The manufacturer's recommended service schedule for the make and model of car supplied to Miss H is every 12-months or every 12,000 to 16,000 miles. As the car had been serviced

just before being supplied to Miss H, the next service hadn't fallen due when the engine failed in April 2025. And the independent engineer's comments specifically say there was no oil starvation. They also don't say the engine failure was as a result of lack of maintenance / servicing, nor was it down to driving style.

Given this, I don't think it's reasonable to expect the engine (which has a lifespan in excess of 100,000 miles) to fail after less than 33,000 miles, especially as this is the second engine fitted to the car. As such, and while I appreciate this will come as a disappointment to Oodle, I'm not satisfied the engineer's comments about durability are reasonable to rely upon. I think the engine lacked durability when the car was supplied to Miss H, and this made the car of an unsatisfactory quality. So, Oodle need to do something to put things right.

Putting things right

Section 24(5) of the CRA says "*a consumer who has ... the right to reject may only exercise [this] and may only do so in one of these situations – (a) after one repair or replacement, the goods do not conform to contract.*" This is known as the single chance of repair. I've seen that the car was repaired in October 2025. While this wasn't arranged by either Oodle or the supplying dealership, given the circumstances I think it's reasonable to determine this as the single chance of repair. And Oodle should cover the costs of this.

The car has been off the road and undrivable since the engine failed on 1 April 2025 and despite the repair taking place, the car hasn't yet been returned to Miss H (as the repair costs haven't been paid). Since the engine failure, Miss H hasn't been supplied with a courtesy car, so she's been paying for goods she was unable to use. As, for the reasons already stated, I'm satisfied the car was off the road due to it being of an unsatisfactory quality when it was supplied, and as Oodle failed to keep Miss H mobile; I'm satisfied they should refund the payments she made during this period. This refund is designed to cover Miss H's alternate transport costs.

However, Oodle are entitled to deduct £300 from this refund, to reflect the amount they've already paid Miss H for her onward travel costs.

Miss H has also incurred £549 costs for breakdown recovery and diagnostics. These expenses were incurred because the car wasn't of a satisfactory quality when supplied. So, I think it's only fair that Oodle also reimburse these costs.

Finally, I think Miss H should be compensated for the distress and inconvenience she's been caused. But crucially, this compensation must be fair and reasonable to both parties, falling in line with our service's approach to awards of this nature, which is set out clearly on our website and so, is publicly available.

Oodle have already paid Miss H £100 for this, and I note our investigator recommended they pay her an additional £150, to recognise the distress and inconvenience caused. Having considered this recommendation, I think it's a fair one that falls in line with our service's approach and what I would've directed, had it not already been put forward. So, this is a payment I'm directing Oodle to make

Therefore, Oodle should:

- arrange to pay the £9,725 engine replacement costs, as well as any associated storage costs, so the car can be released to Miss H;
- remove any adverse entries relating to this agreement from Miss H's credit file;
- refund the payments Miss H has paid, for the period 1 April 2025 until the car is refunded to her, less the £300 already paid;

- upon receipt of invoices and proof of payment, reimburse Miss H for the breakdown recovery and diagnostic costs she's incurred;
- apply 8% simple yearly interest on the refunds and reimbursements, calculated from the date Miss H made the payments to the date of the refund[†]; and
- pay Miss H an additional £150, taking the total amount paid to £250, to compensate her for the trouble and inconvenience caused by being supplied with a car that wasn't of a satisfactory quality (Oodle must pay this compensation within 28 days of the date on which we tell them Miss H accepts my final decision. If they pay later than this date, Oodle must also pay 8% simple yearly interest on the compensation from the deadline date for settlement to the date of payment[†]).

[†]If HM Revenue & Customs requires Oodle to take off tax from this interest, they must give Miss H a certificate showing how much tax they've taken off if she asks for one.

My final decision

For the reasons explained, I uphold Miss H's complaint about Oodle Financial Services Limited. And they are to follow my directions above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 17 March 2026.

Andrew Burford
Ombudsman