

The complaint

Mr O complains about the amount that Blue Motor Finance Limited has paid him for a car that was supplied to him under a hire purchase agreement, but which wasn't of satisfactory quality.

What happened

A used car was supplied to Mr O under a hire purchase agreement with Blue Motor Finance that he electronically signed in February 2025. The price of the car was £12,594, Mr O paid a deposit of £2,000 and he agreed to make 60 monthly payments of £260.41 to Blue Motor Finance.

Mr O complained to Blue Motor Finance about issues with the car, so it arranged for the car to be inspected by an independent expert in May 2025. Blue Motor Finance then accepted Mr O's rejection of the car and said that he would receive a refund of two monthly instalments and he was no longer liable for the car or the finance agreement. Mr O complained to this service and said that he wanted Blue Motor Finance to refund all of the payments that he'd made under the hire purchase agreement, reimburse him for the cost of tinting the windows and transferring a personalised registration number and pay him £250 compensation.

His complaint was looked at by one of this service's investigators who, having considered everything, didn't think that Blue Motor Finance had acted fairly. She recommended that it should: end the finance agreement; take the car back; refund the deposit, all monthly repayments and the window tint cost, all with interest; pay £250 for the trouble and upset that's been caused; and remove any adverse information from Mr O's credit file in relation to the agreement. She said that she wasn't asking Blue Motor Finance to refund the costs incurred surrounding the private number plate as the number plate can be transferred to another vehicle.

Mr O accepted the investigator's recommendation but Blue Motor Finance said that it had already removed Mr O from the finance agreement and the dealer should have also returned the deposit. It also said that the car had covered more than 3,000 miles, so it was more than fair for it to retain a monthly instalment for that, and it didn't agree that paying back an invoice for window tinting was fair as it was modifying the car which wasn't allowed under the terms of the finance agreement. The investigator said that it was difficult to dispute that the tints were an unauthorised modification and Mr O agreed to reluctantly leave his claim for reimbursement of the cost of the window tinting. As Blue Motor Finance hasn't agreed to refund the remaining monthly payment to Mr O, I've been asked to issue a decision on this complaint.

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.

As Blue Motor Finance has accepted Mr O's rejection of the car and said that he was no longer liable for the car or the finance agreement, there's no need for me to make a finding as to whether or not the car was of satisfactory quality. Blue Motor Finance has ended the hire purchase agreement and the car has been taken back. It says that the dealer has refunded the deposit to Mr O, it has refunded two monthly payments to him and has agreed that £250 compensation is fair in this case.

Mr O has accepted the investigator's recommendation that Blue Motor Finance wasn't required to refund the costs incurred surrounding the private number plate and has agreed to leave his claim for reimbursement of the cost of tinting the windows. The terms of the hire purchase agreement say:

"Unless we have given you permission in writing, you may not make any alterations or additions to the Vehicle (including any modifications and fixing a personalised or non-original number plate)"

As the window tinting was an unauthorised alteration of the car, I don't consider that it would be fair or reasonable for Blue Motor Finance to be required to reimburse Mr O for the cost of tinting the car's windows.

Mr O had made three monthly payments to Blue Motor Finance, but it only refunded two of those payments to him. Blue Motor Finance's final response letter to Mr O said that he'd contacted it to exercise his short term right to reject the car and it said that it was happy to accept the rejection. Blue Motor Finance says that it's happy that the evidence that it has provided is fair and accurate and that there has been more than enough mileage done on the car to reasonably justify taking one of the monthly instalments as fair usage.

The invoice for the car shows that it was supplied to Mr O in March 2025 with a mileage of 84,646 miles. The car had passed an MOT test in November 2024 when its mileage was recorded as 85,896 miles and Mr O has provided a photo that was taken in February 2025, before the car was supplied to him, which shows a mileage of 87,352 miles. The inspection report shows that the car's mileage when it was inspected in May 2025 was 87,833 miles and Mr O says that he probably drove about 300 miles in the car.

As Mr O exercised his short term right to reject the car and the evidence about the mileage driven in the car after it was supplied to Mr O is inconclusive, I consider that it would be fair and reasonable for Blue Motor Finance to refund to Mr O the outstanding monthly payment.

Putting things right

The investigator recommended that Blue Motor Finance should: end the finance agreement; take the car back; refund the deposit, all monthly repayments and the window tint cost, all with interest; pay £250 for the trouble and upset that's been caused; and remove any adverse information from Mr O's credit file in relation to the agreement. The finance agreement has been ended, the car has been taken back, Blue Motor Finance says that the dealer has refunded Mr O's deposit, it has refunded two monthly payments to Mr O and has agreed to pay him £250 compensation.

If the dealer hasn't refunded the deposit to Mr O, I find that Blue Motor Finance should refund it to him. I find that Blue Motor Finance should refund to Mr O the outstanding monthly payment and that it should pay interest on the deposit refund, the two monthly payments that it has refunded and the monthly payment to be refunded at an annual rate of 8% simple from the date that those payments were made by Mr O until the date that they were, or are, refunded to him. Blue Motor Finance has agreed that £250 compensation is fair in this case and I find that it should also pay that compensation to Mr O.

The investigator said that she'd not been advised that Mr O stopped making his required repayments at any time, but for clarity, Blue Motor Finance should remove any adverse information from his credit file in relation to the agreement, if applicable. I've seen no evidence to show that Blue Motor Finance has reported any adverse information about the hire purchase agreement to the credit reference agencies, and I consider it to be unlikely that it has done so. If it has reported any adverse information about the hire purchase agreement to the credit reference agencies, I find that it should ensure that the information is removed from Mr O's credit file.

My final decision

My decision is that I uphold Mr O's complaint and order Blue Motor Finance Limited to take the actions described above.

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

Jarrold Hastings
Ombudsman