

The complaint

Mr P complains about the quality of a vehicle that was supplied through a motor finance agreement with MotoNovo Finance Limited (MotoNovo).

What happened

In September 2019, Mr P acquired a used car through a hire purchase agreement with MotoNovo. The car was about seven years old and had travelled 111,000 miles when it was supplied to Mr P. The cash price of the car was £10,086. A deposit of £5,000 is listed, so the total amount financed on the agreement was £5,086 payable over 23 monthly repayments of £235.27 followed by a final repayment of £236.27.

Mr P says that he was supplied a car which had safety issues. He said it led to an incident where the engine nearly caught fire. Mr P said the car has been with a manufacturer garage since 31 March 2025. To resolve things, he said he wants to return the car and have his money refunded.

In April 2025, MotoNovo issued their final response to Mr P's complaint which they didn't uphold. In summary it confirmed a timeline of repairs. It said a safety recall was received by Mr P soon after supply and the vehicle was taken to a manufacturer garage for the works to be carried out. It confirmed the Exhaust Gas Recirculation (EGR) valve and cooler was replaced in October 2019, a coolant leak which was repaired in January 2021, and excessive smoke under the bonnet in March 2025, where the car had to be recovered to a manufacturer garage. The mileage was confirmed as 152,340.

It said there was no evidence to suggest the issues raised were present or developing at the point of sale.

Unhappy with their decision, Mr P brought his complaint to our service where it was passed to one of our Investigators to look into.

In October 2025, MotoNovo told our Investigator that they didn't think the car should have been supplied to Mr P whilst the safety recall was active, so they offered to pay him £150 in compensation for this.

In November 2025, our Investigator issued their view and recommended that Mr P's complaint should not be upheld. In summary the Investigator concluded that the offer made by MotoNovo was fair in the circumstances as he didn't consider they were responsible for the current issues with the car.

Mr P didn't accept the Investigator's view and responded with a lengthy submission saying that his main concern was that he was supplied with a car that had an outstanding recall on it, so he believed it wasn't of satisfactory quality at the time and as the finance provider, MotoNovo was responsible for its quality. Mr P says he should receive £2,500 in compensation in respect of the breach of contract by MotoNovo, the financial and emotional impact on him, and the unsafe condition in which the car was supplied to him.

However, as the Investigator's view remained unchanged the complaint was referred 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.

Firstly, I'm aware that I've summarised this complaint in far less detail than the parties and I've done so using my own words. I'm not going to respond to every single point made by all the parties involved. No discourtesy is intended by this. Instead, I've focussed on what I think are the key issues here.

Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome.

Mr P complains about a hire purchase agreement. Entering into consumer credit contracts like this is a regulated activity, so I'm satisfied we can consider Mr P's complaint about MotoNovo. MotoNovo 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, Mr P acquired a used car which had covered 111,000 miles and which cost around £10,000. 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. This is apparent from the invoice dated in April 2025, which advised the EGR cooler and valve required replacing, following the car's breakdown in March 2025. Having considered the car had a fault, I've considered whether it was of satisfactory quality at the time of supply.

Having considered the EGR system was faulty, I believe there are three key issues for me to address in this complaint:

- Should the car have been supplied with an outstanding recall on it?
- Was the car of satisfactory quality when supplied?
- Are the current issues related to the previous repairs

safety recall

When Mr P acquired the car, it was subject to a safety recall related to the EGR cooler. MotoNovo has confirmed this safety recall was active from November 2018 and wasn't completed until October 2019 on Mr P's vehicle. So, I'm satisfied Mr P was supplied the car whilst the product recall was outstanding on it.

The General Product Safety Regulations 2005 (GPSR) is relevant in this case, it provides a framework to ensure consumers are protected from unsafe products and sets out responsibilities for suppliers of cars.

The GPSR says that used cars shouldn't be sold if they have outstanding recalls that haven't been addressed. It also says that consumers should be informed of any safety recalls that affect the vehicle they're purchasing.

The issuing of safety recalls in relation to vehicles tend to be the responsibility of the manufacturer, under the oversight of the relevant enforcement authority. The GPSR places an obligation on producers and distributors of goods to ensure the products they supply are not subject to a safety recall.

I think it's important to recognise in the context of this complaint, MotoNovo didn't produce or distribute the vehicle to Mr P. I think it's unlikely they would have been aware at the point of supply, that there were any safety concerns with the model type. However, under the hire purchase contract they are the suppliers of the vehicle and so are responsible for its quality.

In acknowledgement of this, MotoNovo has offered to pay Mr P £150 in compensation. Given that I have no evidence to suggest the outstanding recall caused Mr P any significant financial loss or inconvenience, and given under this type of contract MotoNovo was the supplier of the vehicle, I'm satisfied that £150 is a fair recognition of what happened.

satisfactory quality

However, just because a safety recall was outstanding, it doesn't mean the component was faulty or that the vehicle was of unsatisfactory quality. I'm satisfied that in general, safety recalls are a proactive fix for a possible issue. It wasn't a confirmation that the EGR cooler on Mr P's car was faulty. For example, the car was supplied with 111,000 miles. I think it's unlikely the EGR would have lasted as long as it did had it been inherently faulty.

I'm not persuaded the safety recall meant that Mr P's car was supplied in a condition that was of unsatisfactory quality.

In January 2020, the EGR valve was replaced as it was diagnosed that the fitting for the EGR valve sensor was snapped. Given the age and mileage of the vehicle, although this occurred within the first six months from supply, I'm not persuaded this meant the car wasn't of satisfactory quality. I think it's reasonable to consider that parts would require maintenance or replacement sooner than if the car was newer or had less mileage. At this point the mileage was 115,595. So, Mr P was able to travel around 4,500 miles since the car was supplied. I think this is reasonable given the circumstances.

current issues

The current issues occurred some years later in 2025. From an invoice dated 8 April 2025, it's apparent that the EGR cooler and valve were both replaced on Mr P's vehicle. This is despite those components being replaced some years earlier. I've thought about whether this would have been related to previous repairs, however the invoice doesn't include any commentary about the cause of the failure.

Neither party has provided any expert evidence explaining why the EGR cooler and valve needed replacement four or five years after the previous repair.

I've thought about this carefully as to whether this meant the initial repairs which took place within six months of the vehicle being supplied meant it was a failed repair. However, research suggests that there are many factors that can impact the lifespan of EGR components. This includes but is not limited to driving habits, lack of maintenance, and the age and condition of the vehicle can also impact a new component being placed in the car.

So, from the evidence provided I'm not persuaded the repairs in March 2025 were related to the previous repairs. I think it's likely that the age and mileage of the vehicle would have played a considerable role in the general wear and tear of the components. And I don't consider this to be unreasonable given the circumstances.

As I've concluded that the car was of satisfactory quality at the point it was supplied, I don't require MotoNovo to take any further action in respect of this complaint, besides to pay Mr P the £150 compensation which they've already offered him.

My final decision

To settle the complaint MotoNovo Finance Limited has already made an offer to pay Mr P £150 compensation in recognition of the outstanding recall when it was supplied.

I think this is fair in all the circumstances, so I'm not going to ask MotoNovo Finance Limited to do anything more.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 15 January 2026.

Benjamin John
Ombudsman