

The complaint

Mr W complains about the quality of a car he was financing through an agreement with MotoNovo Finance Limited (MotoNovo).

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mr W took receipt of a used car in June 2024. He financed the deal through a hire purchase agreement with MotoNovo.

He had problems with coolant leaks and in October 2024 an independent inspection (by a company I will call A) was arranged. The inspector thought the head gasket had failed and it was agreed that the dealership would complete repairs at no cost to Mr W. But when the car was returned to him Mr W complained that the problems persisted. A further independent inspection, by a company I will call S, was completed. MotoNovo didn't support Mr W's request to reject the car on quality grounds as they said S had decided the faults the car were now experiencing were as a result of normal wear and tear.

Mr W referred his complaint to this service and our investigator thought there was evidence in S's report that problems persisted. He thought the repair had therefore failed. He noted that Mr W had now sold the car and settled the finance but he thought MotoNovo should still compensate Mr W for the losses he'd experienced.

MotoNovo didn't agree. They said S had found insufficient evidence to confirm the faults were present when the car was supplied; the point at which they were responsible for its condition. They said that by selling the car Mr W had removed any opportunity for them to inspect the car and verify the faults. They asked for a decision by an ombudsman.

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.

I agree with the investigator's view of this complaint and for broadly the same reasons. I'll explain why.

Where the information I've got is incomplete, unclear, or contradictory, as some of it is here, I have to base my decision on the balance of probabilities.

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 W acquired his car under a hire purchase agreement, which is a regulated consumer credit agreement. This means our service is able to consider complaints about it. Under the Consumer Rights Act (2015), the car must have been of satisfactory quality when supplied. Given the car was seven years old and had already covered nearly 55,000 miles, a reasonable person would expect signs of wear and tear. The legislation requires us to assess whether the car's condition at the time of supply met reasonable expectations for a vehicle of that age, mileage, and price. If it didn't then MotoNovo, who are also the supplier of the car, are responsible.

MotoNovo accepted A's suggestion that the head gasket on this car had been failing when the car was supplied to Mr W.

The relevant legislation gives a business one opportunity to repair faults that are present when a car is supplied. MotoNovo say they completed repairs in November 2024, but I've not been provided with job cards to demonstrate that, only quotations for the work. I think that weakens MotoNovo's suggestion that repairs were actually completed but, regardless, I am not persuaded that any repairs that may have been completed have worked. I say that because despite S's suggestion that faults are wear and tear:

- S also noted the presence of white smoke from the exhaust. That's a condition that Mr W had identified before the repairs were supposed to have been completed and one that my research suggests may be attributable to coolant entering the combustion chamber. It is consistent with the previous fault not having been successfully repaired.
- S also noted that the coolant level was 'at its lowest mark' and that the source of the coolant loss could not be confirmed and further investigation was required to determine the cause. There was no further investigation and as the car has now been sold on there is no opportunity to clarify the issue. The car had only been returned to Mr W the previous month and I think it's likely the coolant would have been topped up at that point. I think the low coolant level suggests the problem persisted.

On balance, I would agree with our investigator that it's more likely than not that repairs failed on this car and in those circumstances we would usually tell MotoNovo to allow rejection of the vehicle. But that's no longer necessary as the car has been sold and the agreement has been settled.

However, it is only fair to compensate Mr W for the losses he wouldn't have experienced were it not for the car being supplied in an unsatisfactory condition.

When the car broke down in August 2024 MotoNovo provided some redress. They refunded a monthly rental in respect of loss of use, and they offered £100 to compensate Mr W for the distress and inconvenience caused. I think that was reasonable. But they should also have refunded the cost Mr W incurred to have the car recovered and any costs Mr W may have incurred getting it repaired, or the faults diagnosed. They should refund those costs now with 8% simple interest if Mr W can provide proof of payment as he's been deprived of the money.

S inspected the car on 22 January 2025 and said it was unroadworthy. I don't think it was therefore unreasonable of Mr W not to drive the car, and I think MotoNovo should refund any finance instalments he paid from that point in respect of the loss of use he experienced. He was able to complete a little over 5,000 miles before that which is a reasonable mileage. MotoNovo offered to refund a monthly instalment in that period for the time the car was in the garage. They should provide a pro-rata refund for any time the car was being repaired

before S's January report, that they didn't consider in their response to Mr W's October 2024 complaint.

Mr W has experienced distress and inconvenience as a result of these issues. His holiday was disrupted because of the breakdown, he's had to have the car recovered and he's had to take it to be repaired. It's clearly spoilt his enjoyment of his new car, and he's had to escalate his complaint to this service when I think it could have been resolved earlier. MotoNovo have already offered £100 in compensation for the distress and inconvenience caused but I think they should pay a further £250.

My final decision

For the reasons I've given above, I uphold this complaint and tell MotoNovo Finance Limited to:

- Refund any finance instalments Mr W has paid since 22 January 2025 in respect of loss of use. Add 8% simple interest per year from the date of payment to the date of settlement.
- Provide a pro-rata refund for any time Mr W was without the car during repairs not considered in the response to Mr W's October 2024 complaint. Add 8% simple interest per year from the date of payment to the date of settlement.
- Refund the cost of any repair or recovery Mr W can provide proof of payment for and which relate to the problems with the head gasket/coolant leak. Add 8% simple interest per year from the date of payment to the date of settlement.
- Pay Mr W £350 (less £100 if that's already been paid) in respect of the distress and inconvenience caused.
- Remove any adverse reports they may have made to Mr W's credit file in relation to these issues.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 26 December 2025.

Phillip McMahon
Ombudsman