

The complaint

Mr M complains about the quality of a car supplied to him by Blue Motor Finance Ltd (“Blue Motor”).

What happened

Mr M entered into a hire purchase agreement with Blue Motor in February 2024 for the supply of a used car. The car was around ten years old and had covered around 81,000 miles.

In August 2024 he began suffering gearbox problems and reported these to the broker involved in supplying the car. An independent engineer was booked to examine the car, and they confirmed in a report dated 30 August 2024 that the supplier should be liable for repairs to the gearbox. The car was returned to the supplying dealer for repairs, but after hearing nothing for a period of time, Mr M eventually complained to Blue Motor in February 2025.

Blue Motor responded in February 2025 saying that having tried to find out from the broker and the supplying dealership what was going on, they had heard nothing, so they offered to process the car as rejected, and said they would not require any further payments from Mr M and would refund him for the last five payments made whilst he didn't have the car.

Mr M brought the complaint to our service however citing he hadn't had his deposit refunded which he felt should happen when a car is rejected.

An investigator here investigated the complaint and upheld it, saying that along with what they'd offered so far, Blue Motor should also refund Mr M his deposit paid, refund any other additional costs he may have paid for the engineer's report in August 2024, and pay him £300 to recognise the distress and inconvenience caused.

Both parties initially accepted this, however Blue Motor then asked us to consider damage charges because after collecting the car, they didn't want to refund Mr M his full deposit, as they deducted damage charges from it, saying that the car had clear damage that he was liable for.

The investigator agreed to look at this as part of the complaint and said that Mr M had told him the car was undamaged when he returned it for gearbox repairs, and because it had been at the supplying dealership for so long, it was as likely that the damage had been caused whilst the car was there, as whilst it was in Mr M's possession, so they gave their opinion that Blue Motor couldn't charge for this damage, and should refund Mr M his deposit in full.

Blue Motor didn't agree with this and asked for 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.

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. Mr M 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, Blue Motor 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 Blue Motor can show otherwise. But, where a fault is identified after the first six months, the CRA implies that it's for Mr M to show it was present when the car was supplied.

So, if I thought the car was faulty when Mr M 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 Blue Motor to put this right.

All parties have accepted that the car was of unsatisfactory quality when supplied, and Mr M should be able to reject it. I agree with this, and don't intend to focus on this any further as it's not in dispute.

What is in dispute is the damage caused to the car, and whether Mr M should be liable for this. In normal circumstances, when returning a car, a consumer is liable for any damage outside of normal wear and tear. What we have here is a couple of differences to this situation. Firstly, the car was already ten years old when supplied, so may have had some damage already. Blue Motor have supplied some sales photos which purport to be from when the car was supplied to try to compare it to the condition when they collected it.

Alongside this, Mr M surrendered the car to be repaired in autumn 2024 and never saw it again. The car was somewhere, presumably with the supplying dealership, until well into 2025 when a rejection has been agreed by Blue Motor and they've gone to collect the car. This creates a long period when Mr M had no control of or sight of the car and he says it must have been damaged then.

The investigator here said that it was as likely that the damage had occurred in that period, so it wasn't fair for Blue Motor to charge Mr M for it. Blue Motor disagree and want to charge him.

I have to say, my initial thoughts here were to agree with the investigator. I felt it was perhaps suspicious that the supplying dealership had the car for so long without completing

repairs and then didn't even respond when Blue Motor and the broker tried to contact them to chase up what was happening. So, I was already planning to agree with the Investigator for the reasons they gave.

However, in looking through the evidence, I think all parties have missed something key. When the independent engineer inspects the car on 30 August 2024, he took some photos. Most of these don't align with the damage photos, but at least one does. There is a photo of damage to the front bumper including large scratches and what appears to be a dent, supplied by Blue Motor from when Blue Motor collected the car. If they look at the photo of the front registration plate in the engineer's report from 30 August 2024, it shows this area fairly clearly, with no damage evident. Whilst I accept the car is wet in the photo, I don't think this could cover all the damage evident in the damage photo supplied.

This means that the front bumper either got damaged and scratched by Mr M in the very short period between the car being inspected, and being taken away for repairs, or it got damaged whilst at the supplying dealership. Bearing in mind the gearbox wasn't working properly, I think it's extremely unlikely it was damaged by Mr M before being delivered for repairs.

I feel that if this bumper damage wasn't present when Mr M delivered the car for repairs, it's highly unlikely that any of the damage was present.

Alongside this, the engineer when doing their report, commented more than once about the general good state of the car. I don't think they'd have said this if it had got the sort of damage which Blue Motor have provided photos of.

On this basis, I think it's far more likely that any damage happened after Mr M gave the car back to be repaired, and it's not fair for Blue Motor to charge for this on this basis. So, they should refund Mr M his deposit in full, along with other redress already recommended if he hasn't had it yet.

With regards to other redress, I'm not totally clear where Blue Motor have got five payments to be refunded before they stopped taking payments from Mr M, so I'd like them to ensure he hasn't paid for the car once it was shown to be unsatisfactory quality. This may have been the five payments they reference, or may have been more, so I'd ask them to check this and refund Mr M accordingly, and ensure they have paid interest for the period he didn't have this money.

Putting things right

I instruct Blue Motor to carry out the following to put things right (if not done already):

- End the agreement with nothing further for Mr M to pay.
- Refund Mr M his full £2,000 deposit.
- Refund Mr M for any payments made towards the agreement after 30 August 2024 pro rata when the car was shown to be unsatisfactory quality.
- Refund Mr M for the engineer's report if he provides proof that he paid for this.
- Pay 8% yearly simple interest on all refunded amounts from the date of payment to the date of settlement.
- Pay Mr M an additional £350 in total for the distress and inconvenience caused (£300 for the original complaint response about the unsatisfactory quality car, and a further £50 for the damages issues which Blue Motor wanted to add on to this complaint).
- Remove any adverse information relating to this agreement from Mr M's credit file.

My final decision

I am upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 18 February 2026.

Paul Cronin
Ombudsman