

The complaint

Mr S complains about the quality of a car supplied to him by Startline Motor Finance Limited (“SMF”).

What happened

Mr S entered into a hire purchase agreement in March 2024 for the supply of a used car. The car was around six years old and had covered a little over 34,000 miles when supplied. Mr S noticed problems with the car the day after the agreement began, and he contacted the supplying dealer, who agreed to examine it, and took it back for repairs.

The car was returned back to him after a short period, and Mr S has said it seemed to drive fine for a while, but then it started to make a rattling noise, and black smoke was being blown from the exhaust.

In July 2024, Mr S took the car to a local garage who advised that the air intake manifold was full of carbon, and pointed out that the exhaust tips were black, and this wasn’t how they were supposed to look.

The car ended up back with the supplying dealership, and was seen by a manufacturer specialist, and his warranty company. The warranty company said it was an emissions problem which meant it wasn’t covered under warranty.

Mr S was told that he’d have to get an independent engineer’s report carried out, which he did at his own cost in October 2024, at a mileage of a little over 39,000 miles. The report highlighted that there was a heavy rattle in the engine with a misfire. It said they couldn’t access the inlet manifold during the inspection but if this part was shown to have excessive carbon build up, this would have been a fault present or developing at the point the car was supplied.

Mr S sent this report to the broker of his agreement, who sent it to the supplying dealer, although neither appear to have spoken to SMF about what was going on. Mr S also followed up with the independent engineer in November 2024 by providing photographs showing significant carbon build up in the engine, which the engineer said confirmed their suspicions that the faults were present or developing at the point of sale.

They said that the extent of the problems would only be known once the engine was completely stripped, but cost may be an issue for this. Alongside this, in February 2025, a different inspection of the car was carried out, arranged by the supplying dealership, which said that there were no fault codes stored in the car and they’d carried out road tests and the car was fine. However later that same month, the car failed its MOT due to emissions problems and hasn’t been driven since.

A lot of the discussions Mr S had had were with the supplying dealership and the broker involved up to this point. Indeed, the broker issued him a final response letter (FRL) not upholding his concerns, and when he brought the complaint to our service, we set the case up against SMF as the supplier of the car, who then asked for time to answer the complaint

themselves.

They issued an FRL in July 2025 not upholding the complaint. It referenced the independent engineer report saying wrongly that SMF had arranged it and paid for it, when it was in fact provided by Mr S. SMF said this wasn't conclusive that any faults were present or developing at the point of supply, and said that even with the addendum provided by the engineer, it wasn't conclusive.

By this time Mr S had already brought his complaint to our service, and it was investigated. The investigator upheld it and said he should be able to reject the car, as they were persuaded the car was not of satisfactory quality. SMF disagreed and asked for an Ombudsman to make a final decision. They said that the evidence was conflicting between the independent engineer report Mr S had received, and the report supplied by the supplying dealership, and as it was now outside of the six-month window since supply, the Consumer Rights Act 2015 (CRA) says the burden of proof now falls onto Mr S to prove a fault. The case has come to me for a final decision, therefore.

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

So, if I thought the car was faulty when Mr S 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 SMF to put this right.

The arguments SMF have made in doing this are both factually incorrect with regards to the

CRA, and appear selective with the evidence, so I will deal with these first. They've made an argument that as the complaint was raised with them more than twelve months after supply, this means the burden of proof is on the consumer to prove a fault present or developing at the point of supply. This isn't what the CRA says, it's about when the faults present, which was clearly well within the first six months. This means the burden of proof is on SMF to prove the faults weren't present or developing at the point of sale.

The independent engineer report provided by Mr S clearly confirms there are significant issues, and once he's followed up with photos of the carbon deposits in the engine, the report says this issue would have been present or developing at the point of sale. This report was undertaken just inside six months after the car was supplied and backs up the findings of the garage Mr S took the car to prior to this, which said the intake manifold was full of carbon.

The broker involved and the supplying dealership were provided with these reports shortly after they were produced, but they appear to have done little with them. The only action appeared to be several months later, when the broker provided their own report. This is from a garage, not an independent engineer, indeed I believe it may be from the supplying dealership themselves although I cannot confirm this. It is very limited. Dated 5 February 2025 it says they carried out a diagnosis but doesn't say what this involved. It says that that they carried out "extensive" road testing and found no faults, and they found no carbon build up. It's an invoice with a brief amount of detail.

Following this, on the 28 February 2025, so three weeks later, the car failed its MOT due to the high levels of smoke it was emitting meaning an emissions test couldn't be completed. The car had covered around 500 miles more since the report the broker provided from three weeks before.

I give this report from February 2025 little weight here. It isn't from a recognised independent engineer service like the report Mr S provided, and has a total of seven lines of detail, basically just saying everything is fine. Whereas the independent inspection Mr S had carried out had lots of detail about the car, the issues they found, and conclusions about whether the issues were likely to have been present or developing at the point of sale.

Alongside this, the car then fails its MOT three weeks later, for exactly the problems Mr S had been highlighting all year. This is strong evidence backing up Mr S's version of events, his garage reports, and the independent report he had commissioned.

The balance of proof here lay with SMF and its brokers to prove the car was of satisfactory quality, as the problems presented inside the first six months of supply. From the evidence provided by both parties, I'm not persuaded that the car was of satisfactory quality and intend to uphold this complaint.

SMF have gone on to say the supplying dealership should have the opportunity to repair the car even if the complaint is upheld. I don't agree with this. Mr S has been suffering problems with the car for well over a year now, without any party doing anything successful to rectify them. The car could have a variety of knock-on problems and faults now, as it's been off the road since failing its MOT in February 2025.

Mr S has already had to make other arrangements for travel. I think he has the right to reject the car now, as SMF and their brokers haven't dealt with things in a timely manner, and repairs would no longer be a fair outcome when he's given their brokers several chances to put things right with repairs already.

I'm satisfied that on the balance of probabilities, the car is not of satisfactory quality, and Mr

S is entitled to reject it. I've gone on to think about the redress due to him and agree with the outcome provided by the Investigator previously, and see no reason to change this, so I will detail this below again for SMF to follow.

Putting things right

I instruct SMF to carry out the following to put things right:

- End the finance agreement ensuring Mr S is not liable for any further monthly rentals.
- Collect the car at no cost to Mr S.
- Refund Mr S's deposit contribution (£1,500).
- Refund all monthly rentals paid by Mr S from 28 February 2025 to the date of settlement.
- Refund 10% of all Mr S's monthly rentals paid from the beginning of the agreement to 27 February 2025, to recognise his impaired use due to the problems with the car.
- Refund Mr S for the cost of getting the independent engineer report and recovery of the car after the final dealer visit. Both of these are on proof of payment by Mr S.
- Pay 8% simple interest on all refunds above from the date of payment to the date of settlement.
- Pay a further amount of £350 to Mr S to recognise the distress and inconvenience caused by the supply of a car of unsatisfactory quality.
- Remove any adverse information relating to this agreement from Mr S's credit file.

My final decision

I am upholding this complaint and instruct SMF to carry out the above to put things right.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 9 January 2026.

Paul Cronin
Ombudsman