DRN-5986338

The complaint

Miss P is unhappy that a car supplied to her under a hire purchase agreement with Startline Motor Finance Limited was misrepresented at the point of supply.

Miss P has been represented during the claim and complaint process by R, a professional representative. For ease of reference, I will refer to any comments made, or any action taken, by either Miss P or R as "Miss P" throughout the decision.

What happened

In August 2023, Miss P was supplied with a used car through a hire purchase agreement with Startline. The agreement was for £15,162 over 60 months; with 59 monthly payments of £436.67 and a final payment of £446.67. At the time of supply, the car was around five years old and had done 46,216 miles (according to the MOT record for 20 June 2023).

Miss P experienced problems with the car and, in 2024, she attempted to sell it. She says she was advised by the potential buyer that the car had previously been a Category S write-off – the car had suffered repairable structural damage which required it to be re-registered with the DVLA. This hadn't been declared at the point of supply, and Miss P said this dramatically reduced the value of the car, meaning she'd lose money on any sale.

Miss P complained to Startline, asking to be able to reject the car. Startline responded to this complaint through a legal representative, stating that the car was of a satisfactory quality when it was supplied to Miss P. Unhappy with this response, Miss P brought her complaint to the Financial Ombudsman Service for investigation.

Our investigator said that the true history of the car hadn't been declared to Miss P at the point of supply, and it was sold at a price that doesn't affect its true value. So, they thought that Miss P should be allowed to reject the car, and that Startline should also pay Miss P £300 compensation for the impact of what's happened.

While Miss P agreed with the investigator's opinion that the car should be rejected, she wasn't happy with the proposed remedy. She said this didn't take into consideration that she'd stopped using the car in May 2024, or that she'd only done 13,221 miles while in possession of the car. So, she said she'd paid Startline £6,550.05 in payments and, based on £0.25 for each mile covered, she should be refunded £6,301.29 of those payments.

Startline also didn't agree with the investigator's opinion. They said the salvage marker was added post sale, so was therefore not visible at the point of supply. And they provided a copy of a HPI check dated 21 November 2024 to show this. As such, they didn't think the sale had been misrepresented, nor did they think Miss P had lost out on the value of the car. And they referred to a previous decision by the Financial Ombudsman Service to support their view that the car shouldn't be rejected.

While Startline said that *"the current market value [of the car] remains broadly consistent with the purchase price"* of £15,162; Miss P provided three independent valuation reports showing that, with the salvage marker, the car had a value between £12,350 and £12,940.

She also referred to a previous decision by the Financial Ombudsman Service that supported her view that the car should be rejected.

I issued a provisional decision on 11 November 2025, where I explained my intention to uphold the complaint. In that decision I said:

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. Miss P 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.

Before I address the complaint itself, both Miss P and Startline have referred to other decisions the Financial Ombudsman Service has made. A crucial part of our service and the way we consider complaints is that we consider each complaint on its own merits and its own individual circumstances. So, my decision won't be impacted in any way by any decision made on a different complaint, no matter how similar Miss P or Startline feels the situation is.

Turning to the complaint itself, while Miss P has referred to, and provided evidence of, issues with the car after it was supplied to her, she's raised a complaint about misrepresentation. As such, I won't be considering any faults with the car, and whether the car was of a satisfactory quality when it was supplied has no bearing on whether it was misrepresented.

Instead, when considering this matter, I've considered section 56 of the Consumer Credit Act 1974. This states that any negotiations conducted by the credit broker or supplier of goods are deemed to be conducted in the capacity of an agent of the creditor, and that this includes all communications (including the advert) and representations made. This means that, in this case, any discussions, communication, or representations made by the dealership in respect of the car's history were done so as an agent of Startline, for which Startline remain liable.

For misrepresentation to be present there must (a) have been a false statement of fact (either directly or by omission), and (b) that false statement of fact must have induced, in this instance, Miss P to have financed this particular car with Startline.

Misrepresentations can be fraudulent (where a false statement of fact is made by someone knowing it's untrue), negligent (where a false statement of fact is carelessly made without reasonable grounds for believing it to be true), or innocent (where the false statement is neither negligent nor fraudulent).

I've seen a copy of a vehicle report dated 21 August 2024. This shows that the car had been sold through a salvage auction on 26 April 2019 when it had done 8,257 miles. The associated photographs show significant front-end damage to the car. I've also seen a copy of the selling dealership's advert. The car was being sold at 46,179 miles and the photographs clearly show that the front-end damage had been repaired. However, the advert makes no reference to the car having previously been a Category S write-off, and it's not disputed that Miss P was never advised of this by the dealership.

Startline have said that, when the car was supplied to Miss P, all the checks were clear and there was nothing to show the car had been previously written off or had been sold through a salvage auction. And they've provided a copy of an HPI check dated 21 November 2024 which shows this to be the case.

This report shows that the HPI company the dealership used weren't reporting the write-off at that point, and Startline have said this shows the write-off wasn't being reported when the car was sold to Miss P in August 2023. However, when looking at the previous searches section of this report, it shows that no search took place before 6 August 2024 – around a year after the car was supplied to Miss P.

Startline have not provided a copy of the HPI report completed by the dealership before the car was supplied to Miss P, and the evidence they have provided indicates that no such check was carried out. As such, I can't agree with Startline that the dealership carried out adequate checks prior to supply.

Notwithstanding this, as I've said, the evidence clearly shows the car had been written off before it was supplied to Miss P, and she wasn't advised of this. As such, I'm satisfied there has been a false statement of fact by omission. And Miss P's actions after finding out about this shows me that, had she been aware of the write-off at the point of supply, she either would not have financed the car, or at the very least wouldn't have agreed to the cash price being advertised by the dealership.

Therefore, I'm satisfied there has been a misrepresentation, and Startline need to do something to put things right.

Our usual starting point in this situation is that the customer should be allowed to reject the goods, with a refund of the deposit paid. While I see no compelling reason why I shouldn't adopt this approach in this instance, I have noted that Miss P didn't pay any form of deposit – she financed the full cash price of the car. Therefore, there is no deposit refund due.

Miss P has also been able to use the car while it's been in her possession. Because of this, I think it's only fair that she pays for this usage. Miss P has argued that she should be charged £0.25 a mile for the mileage she's done in the car, with all the payments she's made being refunded to her, less the mileage charge.

While I've considered this argument, I've also noted that the agreement Miss P had with Startline is not based on a pay-per-mile structure. Instead, Miss P pays Startline a fixed amount each month, not only for her actual usage of the car, but also for the car being available for her to use as and when she wants/needs to. As such, and in line with our usual approach, I think it's fair in these circumstances to assess Miss P's usage based on the contractual monthly payments.

I've noted that the car is currently registered as being off the road through a SORN, and when the MOT expired on 25 July 2025, it wasn't renewed. This supports Miss P's comments that she's stopped using the car. And this should also be taken into consideration when looking at what's fair for Miss P to pay for her available usage of the car.

As the car was still available for Miss P to use until such time as the SORN was registered with the DVLA, or the MOT expired, whichever was sooner, Miss P was asked to provide a copy of the DVLA confirmation of the SORN. In an email dated 22 October 2025, Miss P said that, while she stopped using the car in April 2024, the SORN was not registered with the DVLA until 11 December 2024. She also said that proof of this was attached to the email, but it wasn't.

Based on what I've seen so far, I have no reason to doubt that the SORN was registered with the DVLA on 11 December 2024 – if it was sooner Miss P would've said, as it is in her benefit to have this date as early as possible; while if it was later this could easily be disproved by my asking Miss P to send the correct attachment.

So, on the balance of probabilities, I'm satisfied that the car was available for Miss P to use up until 11 December 2024, and she should therefore be liable for all monthly payments up to this date. For clarity, if Miss P has paid all payments up to this date, then any payments paid after this date should be refunded to her, with statutory interest. However, if any payments before this date haven't been paid, then Startline are entitled to pursue her for payment of these.

I would ask that, along with any comments on my provisional decision, Startline also provide a full Statement of Account for the agreement they have with Miss P. This will allow me to accurately direct what payments need to be refunded or made. Also, if the date the SORN was registered with the DVLA is different from 11 December 2024, Miss P should provide evidence of the correct date along with any comments she may wish to make.

Finally, I think Miss P should be compensated for the distress and inconvenience she's been caused by the car being misrepresented to her. But crucially, this compensation must be fair and reasonable to both parties, falling in line with our service's approach to awards of this nature, which is set out clearly on our website and so, is publicly available.

I note our investigator also recommended Startline pay Miss P an additional £300, to recognise the distress and inconvenience caused. And having considered this recommendation, I think it's a fair one that falls in line with our service's approach and what I would've directed, had it not already been put forward. So, this is a payment I intend to direct Startline to make.

Again, for clarity, if Miss P is in a position where she hasn't made all of the payments required of her as stated above, Startline will be able to offset some/all of this £300 award against those outstanding payments.

Responses

Miss P didn't think I'd considered the full regulatory context of the misrepresentation, specifically that I hadn't considered the statutory consumer protection regime governing used car sales. And she went on to explain the breaches of this regulation.

Miss P also said that, when considering usage based on monthly instalments, this unfairly punishes people who can't afford a deposit as this affects the monthly payments. She said she stopped using the car *"months before the SORN was registered [as] the car was not safe, not roadworthy, and not capable of lawful sale at market value due to the undisclosed salvage history."* So, she thinks that the car was not available for her to use and, therefore, calculating usage on the mileage done is a fairer way to resolve matters.

Finally, Miss P provided evidence that she cancelled her insurance on the car on 9 May 2024.

Startline didn't respond to my provisional decision, nor did they supply the requested Statement of Account.

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 reviewed the extensive comments provided by R, on behalf of Miss P, I would like to make it clear that the Financial Ombudsman Service is not a regulator – we are an Alternative Dispute Regulation service. As such, we are an alternative to the courts and, while we have consideration of the law, we are not bound by it when reaching a resolution. So, I'm satisfied that I don't need to consider how the dealership may have breached consumer trading regulations when selling the car. Instead, as Startline are the regulated business in this case, my decision will consider their actions.

As Startline haven't said anything to the contrary, I'm taking their lack of comments to mean that they now accept there was a misrepresentation and that they don't object to my provisional decision.

Miss P has said that the car supplied to her by Startline was neither safe nor roadworthy. As I've explained, the car was sold at a salvage auction in April 2019, when it had done 8,257 miles. The damage done to the car prior to this auction was repaired and I've seen that the car passed an MOT on the following dates:

- 13 August 2021 at 30,629 miles with no advisories (this was the first MOT due)
- 9 August 2022 at 38,969 miles with no advisories
- 20 June 2023 at 42,216 miles with no advisories
- 26 July 2024 at 59,277 miles with advisories for brakes and tyres.

The car was supplied to Miss P in August 2023. As the purpose of an MOT is to ensure a vehicle meets the minimum standard for safety and roadworthiness, I cannot agree with Miss P that the car was unsafe and/or unroadworthy when supplied

Miss P has also supplied evidence that she cancelled an insurance policy on 9 May 2024 and has said she didn't use the car after this date. However, as noted above, the car passed an MOT on 26 July 2024. By virtue of this, the car must still have been in use in July 2024 – if Miss P wasn't using it then she wouldn't have renewed the MOT, just as she didn't when it fell due in July 2025. And, if it had remained uninsured, then she couldn't legally have driven the car for an MOT test.

What's more, although the car wasn't registered on a SORN until December 2024, Miss P has provided no explanation as to why she delayed doing this – had she stopped using the car in May 2024, then it's more likely than not that she would've also registered the SORN at this point. But, as she didn't, and as she was still using the car after May 2024 (as evidenced by the MOT record), I'm satisfied it's reasonable for me to use the 11 December 2024 SORN date as the date the car stopped being used/being available for use.

Turning now to what I consider fair usage; I've again noted Miss P's comments on this. Miss P was provided with the car in August 2023, and between supply and the MOT on 26 July 2024, Miss P had done around 13,000 miles. This would increase to around 17,000 miles if Miss P continued to use the car until the SORN was registered. So, based on the £0.25 a mile Miss P thinks is fair, she should only pay between £3,250 and £4,250 (dependent upon the actual mileage of the car), with all other payments being refunded.

However, as I explained in my provisional decision, the agreement was based on a monthly fixed payment with no mileage restrictions. As such, Miss P was paying for the availability of the car to use, and not for the actual mileage it travelled. As I've also said, the car was available for her to use between supply and 11 December 2024, so I think it's fair that

Startline are able to retain the monthly payments for this period. However, any payments made after 11 December 2024 should be refunded.

As such, after considering the comments received, and for the reasons given, I see no compelling reason why I shouldn't now adopt my provisional decision as my final decision and ask Startline to do something to put things right.

Putting things right

As, on the balance of probabilities, I'm satisfied the car was available for Miss P to use up until 11 December 2024, she should therefore be liable for all monthly payments up to this date. As I haven't seen a full Statement of Account, if Miss P has paid all payments up to the November 2024 payment, then any payments paid after this date should be refunded to her. However, if any payments before this date haven't been paid, then Startline are entitled to apply any payments made after this against any outstanding payments and to pursue Miss P for any outstanding balance.

Finally, Miss P should be compensated £300 for the distress and inconvenience she's been caused by the car being misrepresented to her. If Miss P is in a position where she hasn't made all the payments required of her as stated above, Startline will be able to offset some/all of this £300 award against those outstanding payments.

Therefore, Startline should:

- end the agreement, ensuring Miss P is not liable for any monthly payments after the point of collection (if any payments are made, these should be refunded);
- collect the car at no collection cost to Miss P;
- once all payments have been made, remove any adverse entries relating to this agreement from Miss P's credit file;
- refund the payments directed above;
- apply 8% simple yearly interest on the refunds, calculated from the date Miss P made the payments to the date of the refund[†]; and
- pay Miss P an additional £300 to compensate her for the trouble and inconvenience caused by being supplied with a car that wasn't of a satisfactory quality (Startline must pay this compensation within 28 days of the date on which we tell them Miss P accepts my final decision. If they pay later than this date, Startline must also pay 8% simple yearly interest on the compensation from the deadline date for settlement to the date of payment[†]).

[†]If HM Revenue & Customs requires Startline to take off tax from this interest, they must give Miss P a certificate showing how much tax they've taken off if she asks for one

My final decision

For the reasons explained, I uphold Miss P's complaint about Startline Motor Finance Limited. And they are to follow my directions above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 29 December 2025.

Andrew Burford
Ombudsman