

## The complaint

Miss M complains about a car supplied under a hire purchase agreement, provided by Lloyds Bank PLC.

## What happened

Around the end of October 2023 Miss M acquired a used car under a hire purchase agreement with Lloyds. The car is listed with a cash price of £41,000. The agreement shows Miss M paid a deposit of £2,000. The car was around two years old and had covered around 29,550 miles.

Unfortunately, Miss M says the car developed issues. She said she received drivetrain and battery errors shortly after she acquired it. She explained she spoke to the dealer, who told her the car was fine to drive but could be booked for a software update.

Around April 2024 Miss M says the car was taken for a repair to the suspension under warranty. And she explained it was noted the shock absorbers were likely causing the drivetrain alerts.

Miss M then said the car broke down at the roadside in November 2024. It was returned to a manufacturer's garage where issues were noted with the turbo and DPF. The mileage was recorded as 36,619.

In December 2024, Miss M told the dealer she wanted to reject the car. It told her this wasn't possible, and so Miss M referred a complaint to another alternative dispute resolution ('ADR') body. This told her in July 2025 that it couldn't consider her complaint but told her she could complain to Lloyds.

Miss M then complained to Lloyds and it issued a final response in July 2025. In summary, this said when the car was returned to the manufacturer's garage, it believed that the car had covered an additional 18,788 km to what was recorded on the odometer. It said this mileage manipulation had happened between 20 October 2023 and 16 April 2024. It said this meant the manufacturer wouldn't offer any support with repairs.

Lloyds said it was upholding the complaint in relation to the earlier battery and drivetrain errors as these occurred soon after Miss M got the car. But it said there was no evidence the fault with the turbo was present or developing at the point of supply.

Lloyds offered payments of £200 to reflect distress and inconvenience caused and £58.96 for 'loss of enjoyment'.

Miss M remained unhappy with this and referred the complaint to our service. She explained the impact the situation had on her physical and mental health.

Our investigator then issued a view and upheld the complaint. In summary, she said she thought the car suffering faults with the turbo and DPF at the point it did mean it wasn't durable.

Our investigator also explained she didn't think the allegations of mileage manipulation changed her opinion.

She said Miss M should be able to reject the car, be reimbursed all payments made since November 2024, said Lloyds should pay her the amount offered in the final response, and that Lloyds should pay an additional £300 to reflect the distress and inconvenience caused.

Miss M agreed with the outcome.

Lloyds disagreed. In summary, it said there was an estimated mileage discrepancy of at least 11,600 miles. It said this affected the finding on durability. And it said for periods it believed a third party had driven the car.

Our investigator explained she didn't think the claim of mileage manipulation affected the outcome and she still thought the car had failed prematurely.

Lloyds responded and disagreed. It said Miss M had confirmed she was at times unaware of where the car was, and did not know about work or 'adjustments' carried out

Our investigator said this didn't change her opinion.

As Lloyds remained unhappy, the complaint was passed to me to decide.

I emailed Lloyds and explained I thought it was quite clear that this car suffering a failure of the turbo when it did meant it was of unsatisfactory quality. So, I asked it to reconsider the investigator's opinion.

Lloyds said it thought the mileage discrepancy needed to be considered in detail, but then didn't respond further.

I asked Miss M to provide some further information about the car. She explained her ex-partner had occasional use of it, that her ex-partner had directly said they did not manipulate the mileage, that the car was dropped off at the dealer between 8.30 am and 10.00 am on 14 April 2024, and she confirmed there was no legal action ongoing in relation to the complaint.

### **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 think this complaint should be upheld. I'll explain why.

Firstly, I'd like to explain to both parties that I might not comment on every point raised or every single piece of evidence. I want to reassure Miss M and Lloyds that I've carefully considered all of the available information. But, as I have in the background above, I'm going to focus my decision on what I consider to be the key facts and the crux of the complaint. This reflects the informal nature of our service.

When considering what's fair and reasonable, I take into account relevant law, guidance and regulations. The Consumer Rights Act 2015 ('CRA') is relevant to this complaint. This says, in summary, that under a contract to supply goods, the supplier – Lloyds here – needed to make sure the goods were of 'satisfactory quality'.

Satisfactory quality is what a reasonable person would expect, taking into account any

relevant factors. I'm satisfied a court would consider relevant factors, amongst others, to include the car's age, price, mileage and description. The CRA also sets out that the durability of goods can be considered as part of satisfactory quality.

In this case I'll consider that the car was used. So, I don't think a reasonable person would expect it to be in the same condition as a new one. But it was only around two years old and had covered under 30,000 miles. It also cost over £40,000. So, I think a reasonable person would still expect it to be in good condition, to be free from anything other than minor faults and, key to this case, would expect trouble free motoring for a reasonable time.

In this case, Lloyds has already upheld the earlier issues the car had with the battery and drivetrain warnings. And it isn't in dispute the repairs to the suspension were carried out free of charge to Miss M. So, I don't intend to comment further about these issues and will instead focus on the later breakdown in November 2024.

The first thing to consider is whether Miss M's car developed a fault at this time. I don't think this is contentious here. And having reviewed the evidence, I'm satisfied it did suffer a breakdown. I'm also satisfied the reason for this was the turbo failing and DPF issues. The situation is summarised in the *"tech comments"* from 6 February 2025:

*"Removed exhaust system including DPF found oil dribbling out of DPF. Found DPF and SCR cat oil contaminated. Found exhaust sensors up to SCR cat oil contaminated. Inspected big turbo (low pressure) found no play in big turbo but there is a lot oil, Suspect the vehicle has engine damage due to amount of oil out side of engine"*

From this, I'm satisfied Miss M's car suffered a potentially catastrophic failure in November 2024.

This then brings me to the question of satisfactory quality. Our investigator found this failure meant the car wasn't durable. Lloyds has argued, strongly, that this needs to be considered alongside the fact that a report was carried out stating the mileage of the car was manipulated. I think it's fair to say this is the crux of the complaint.

Its firstly worth setting out that there are clearly conflicting versions of events. Lloyds has explained it believes the mileage of the car was manipulated on 16 April 2024. Miss M has, strongly, denied this.

Lloyds has provided a *"CASE OVERVIEW"* for mileage manipulation from the manufacturer. This notes the analysis carried out:

*"leads to the conclusion the mileage of this vehicle has been manipulated"*

And states *"this vehicle shows a manipulation of at least 18.788 km"*.

Lloyds explained this report shows the manipulation took place on 16 April 2024. And I can see this date is noted for 'indicators'. However, I'm not as confident as Lloyds that the report concludes this was definitively the case, as it also says:

*"The manipulation of the vehicle took place between 20.10.2023 and 16.04.2024"*

Miss M has raised a number of points about this. These have included that the earliest date above predates her having the car. And she's explained the car was taken to a dealer for a repair on 16 April 2024, which she said means it couldn't have been tampered with on this date. She has also, in summary, very strongly denied tampering with the car.

I've thought carefully about this from both sides. However, ultimately, I need to concentrate on the satisfactory quality of the car. And having considered this, I don't think I need to make a finding on whether the mileage was tampered with to draw my conclusions.

If the mileage on the odometer was correct, the car would've suffered a catastrophic failure when it was around three years old and had covered under 37,000 miles. I think it's very clear that a reasonable person would consider that a car which cost £41,000, from a premium manufacturer, would be not durable due to the breakdown at this time. It follows I would find the car not of satisfactory quality.

Putting aside any ethical or other issue of potential 'wrongdoing' by Miss M or another party, which it is not my place to comment on here, I've considered what would be the case *had* the mileage been tampered with. While the report said the mileage was changed by "*at least*" 18.788km, I haven't seen any other figures. So, I think it's reasonable to consider this amount.

This would mean the car failed at around three years old and having covered just over 48,000 miles. I've seen it had been serviced when Miss M had the car for around nine months. Thinking about this, I would still then find that a reasonable person would again clearly consider that this car failed significantly earlier than would be expected - and so again would conclude the car wasn't of satisfactory quality due to it not being durable.

So, considering the very specific questions I'm addressing in this decision, I would find the car was not of satisfactory quality whatever happened.

I've then considered what would be reasonable to put things right. And here I agree with what our investigator set out.

I find, given the car had earlier been repaired and because of the timescales involved, Miss M has the final right to reject it. And I think this would now be a reasonable way of resolving things.

Given Miss M hasn't used the car since 21 November 2024, all repayments should be reimbursed to her past this point. I find it fair Lloyds can retain all monthly payments made prior to this, apart from the £58.96 which it already offered.

Miss M has also explained the impact of this situation on her, and I find she has suffered distress and inconvenience because of what happened. I'm sure it must have been stressful for the car to suffer a breakdown, and I've noted what she's said about the impact on her health.

I have considered the length of time this situation has been ongoing for; however a reasonable portion of this was due to Miss M initially complaining to the dealer and another ADR body, which I don't think it would be reasonable to hold Lloyds to account for under the specific circumstances of this case. However, I still think the offer Lloyds made here isn't enough to reflect what happened, and I find it should pay her an additional £300, making a total of £500.

### **My final decision**

My final decision is that I uphold this complaint. I instruct Lloyds Bank PLC to put things right by doing the following:

- end the finance agreement ensuring Miss M is not liable for monthly rentals after the point of collection (it should refund them any overpayment for these if applicable);

- take the car back (if that has not been done already) without charging for collection;
- Reimburse Miss M the deposit paid, which the agreement lists as £2,000\*
- Reimburse Miss M all repayments towards the agreement from 21 November 2024\*
- If it hasn't already, reimburse Miss M £58.96 as offered in the final response\*
- Pay Miss M a total of £500 to reflect the distress and inconvenience caused \*\*
- Remove any adverse information from Miss M's credit file in relation to the agreement

\*These amounts should have 8% simple yearly interest added from the time of payment to the time of reimbursement. If Lloyds considers that it's required by HM Revenue & Customs to withhold income tax from the interest, it should tell Miss M how much it's taken off. It should also give Miss M a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue and Customs if appropriate.

\*\* If Lloyds has already made a payment in relation to this, it can deduct it from the total due

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 19 March 2026.

John Bower  
**Ombudsman**