

The complaint

Miss Y is unhappy that a car supplied to her under a hire purchase agreement with Lendable Limited t/a Autolend (Lendable) was of unsatisfactory quality.

When I refer to what Miss Y has said and what Lendable have said, it should also be taken to include things said on their behalf.

What happened

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What happened

On 2 April 2025 Miss Y was supplied a car financed via a hire purchase agreement with Lendable. The car cost £9,844 and Miss Y was required to pay 59 payments of £232.66 plus a final payment consisting of the £232.66 monthly rental and a £25 option to purchase fee. The car was registered in 2017 and had covered 44,432 miles at the time of the supply.

On 16 May 2025 Miss Y was involved in an accident that she believes was due to a fault with the car, namely an issue with the steering. Miss Y has an independent inspection report carried out post the accident that highlights a number of fault codes, including ones relating to the steering. Miss Y wanted to reject the car and recover her out of pocket expenses. She complained to Lendable.

On 16 July 2025 Lendable issued their final response letter. They did not uphold Miss Y's complaint. They felt that the reports and the mileage travelled since supply did not show that the fault was present prior to the accident or Miss Y taking ownership of the car.

As Miss Y was not happy she complained to our service.

On 23 October 2025 our investigator issued their view of the complaint. They felt that as the crash occurred so shortly after supply and that Miss Y had a report that showed a fault with the steering, this meant that the car was faulty and that this fault was the cause of the accident. They felt that the car was not of satisfactory quality and given the time that had already elapsed it would not have been fair for Miss Y to have to accept a repair. They also felt it was reasonable that Miss Y ceased to use the car after the accident. They upheld the complaint and directed Lendable to:

- End the finance agreement ensuring that the customer is not liable for monthly payments from the point of collection.
- Take the car back without charging for collection.
- Refund all rentals from 16 May 2025 to the date of settlement.
- Refund £1,086.80 for the additional expenses incurred by Miss Y.

- Provide Miss Y a pro-rata refund of insurance from the date of collection until the remaining term of the insurance.
- Pay 8% simple interest on all refunds.
- Pay compensation of £200 for distress and inconvenience.
- Remove any adverse information from Miss Y's credit file in relation to the agreement.

Lendable were given until 6 November 2025 to provide a response, for which they asked for a two-week extension. They did respond on 2 December 2025 saying they were awaiting a pre-delivery inspection report from the supplying dealership. They also questioned whether the report obtained by Miss Y showed that the accident was caused by an issue with the steering. They felt that the report was speculative in nature and did not establish causation. They pointed to the MOT that showed the car had passed with no faults or advisories. They were given a deadline of 12 December to provide the pre-delivery inspection report. The report was eventually received on the 17 December 2025.

As Lendable did not agree with the investigator's view it has been passed to me to consider.

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.

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 Y was supplied with a vehicle under a hire purchase agreement. This is a regulated consumer credit agreement which means we are able to investigate complaints about it.

The Consumer Rights Act 2015 (CRA) is of particular relevance to this complaint. It says that under a contract to supply goods, there is an implied term that "the quality of the goods is satisfactory". The CRA says the quality of goods is satisfactory if they meet the standard that a reasonable person would consider satisfactory taking into account any description of the goods, the price and all the other relevant circumstances. So it seems likely that in a case involving a vehicle, the other relevant circumstances a court would take into account might include things like the age and mileage at the time of sale and the vehicle's history.

The CRA says the quality of the goods includes their general state and condition and other things like their fitness for purpose, appearance and finish, freedom from minor defects, safety, and durability. Where goods are second hand, as in this case, due regard must be had to the price, age and any description applied to the vehicle.

So, if I thought the vehicle was faulty or not fit for purpose when Miss Y took possession of it and this made the vehicle not of a satisfactory quality, it'd be fair and reasonable to ask Lendable to put this right.

The CRA sets out some key dates post contract with regards the burden of proof in relation to the goods being of unsatisfactory quality. The CRA gives the consumer the automatic right to reject if the goods are not of satisfactory quality and that fault is discovered within 30 days. After that period but before six months the burden of proof is on the business to show that the faults were not present at supply and the goods are of satisfactory quality. After six months the burden of proof then resides with the consumer.

I need to consider whether there is an inherent fault with the car and then if there is does this fault make the car of unsatisfactory quality. In this case deciding on whether there is a fault with the car is complicated by the fact that the inspection that Miss Y obtained was after an accident. At this stage I do not need to focus upon whether the accident was the result of an inherent fault, just whether there was a fault with the car.

Miss Y has an independent report carried out at 47,067 miles that shows a total of nine fault codes registered, some of which appeared to be fault codes for the same or similar issues. These covered items such as communication with the ECU, lack of coherence between ignition positive and main triggering transmission by the bsi:coherence and number of engine starts and/or restarts counter fault.

There is also the following statement:

“With multiplex multiple communication faults in this system, we decided not to delve separately in each system as this might create other problematic issues in each subsystem and peripheral computers including communication wiring that will need needle probing in a circuit test. Of major concern but only limited to a fault diagnostic at the moment is the loss of communication in the EPS (Electronic Power Steering) system with fault codes U1318, U1308 and U1108 which can have any unknown adverse effect of the steering system thereby possibly affecting control of the steering”

Whilst there are some caveat words being used such as “possibly” in the report I believe that as this report was carried out within the first six months it is sufficient to show that there is a fault and the onus is on Lendable to show that the car was of satisfactory quality.

As part of their submission Lendable have provided a pre-delivery inspection report. Whilst this was supplied past the deadline given I fully understand the difficulties finance companies can have in providing information held by a third party, such as the supplying dealer in this case. So I have taken this evidence into account in coming to my decision.

It would appear that the pre-delivery inspection report was carried out at the same time as the MOT, as they have the same date and mileage recorded. They both show that at that point the car was safe and passed all elements of the inspection and MOT. The inspection report has the handwritten statement *“Car mechanically good. No faulty. Oil and water coolant topped up”*

I need to decide on the balance of probabilities whether there is a fault – bearing in mind that any fault would have occurred within the first six months after supply, meaning that the onus is on Lendable to prove that the car was of satisfactory quality. It is not clear cut. The report provided by Miss Y does show a number of fault codes, which tends to support the argument that the car is faulty. Whilst the response from Lendable provided on 2 December 2025 focused on causation of the accident it does not directly address the fault codes as provided in the independent report supplied by Miss Y. The MOT and pre-delivery inspection does show at that date, 12 March 2025, the car was mechanically sound but durability is a component of satisfactory quality. Whilst the car was first registered in 2017 and had travelled 44,432 miles at the time of supply I think that Miss Y can have the reasonable expectation that, other than reasonable wear and tear, the car should not have the number of faults found less than two months after supply and having covered only just over an additional 2,500 miles. For that reason I find that the car is not of satisfactory quality.

So what do Lendable need to do to put things right.

Firstly given the length of time that has passed since Miss Y first complained I feel, like the investigator, that asking her to accept a repair would be unfair. To that end she has the right to have the agreement unwound and the car collected at no further cost to her.

It is right that Miss Y should pay for the use she has had from the car. I understand that she has not used the car since 16 May 2025 and the advisory note provided by the independent inspection she had carried out has warned her against driving without further work being done means that she is reasonable in doing so. Therefore Lendable should refund any rental payments that relate to the period after this date.

Miss Y has asked that Lendable repay her public transport expenses as a result of not having a car since the 16 May 2025. However I do not feel that this is fair as I am asking them to refund the car payments for this period. I will consider this element of her claim as part of any additional compensation for inconvenience and impaired usage.

Whilst it is not fully clear that the faults with the car are the causation of the accident I need to take into account Miss Y's statement that she suffered a steering malfunction that caused the accident. A fact that is corroborated by the faults found by the independent inspection. So on the balance of probabilities I have no reason to doubt her version of events and if there had not been a problem with the steering then she would not have had the accident. To that end Lendable should pay Miss Y's out of pocket expenses, namely the cost of repairs totalling £1,086.80 and a pro-rata refund of her insurance as she is required to keep the insurance in place should there be a claim against her due to the accident.

As for compensation the investigator has suggested a sum of £200. This is in line with our guidance and I believe the figure suggested is a fair reflection of the impact on Miss Y.

My decision is that I do uphold this case.

Putting things right

I uphold Miss Y's complaint against Lendable and to put things right they need to:

- End the finance agreement with nothing further to pay.
- Collect the car with nothing further to pay.
- Refund all rentals from 16 May 2025 to the date of settlement.
- Refund £1,086.80 for the additional expenses incurred by Miss Y.
- Provide Miss Y with a pro-rata refund of insurance from the date of collection until the end of the term of the insurance.
- Pay 8% simple interest on all refunds.
- Pay compensation of £200 for distress and inconvenience.
- Remove any adverse information from Miss Y's credit file in relation to the agreement.
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My final decision

My decision is that I do uphold this case against Lendable Ltd. In order to settle this case they are directed to follow the redress above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss Y to accept or reject my decision before 28 January 2026.

Leon Livermore
Ombudsman