

## **The complaint**

Miss H is unhappy with the car supplied under the hire purchase agreement with Blue Motor Finance Ltd (BMF).

When I refer to what Miss H and BMF have said or have done, it should also be taken to include things said or done on their behalf.

## **What happened**

In April 2024, Miss H entered into a hire purchase agreement with BMF to acquire a used car. The car was first registered in November 2016. At the time of supply, it had travelled approximately 81,049 miles. The total cash price of the car was £10,395. The duration of the agreement was 60 months, with monthly instalments of £228.01, along with an Option to Purchase Fee of £1 payable at the same time as the final instalment, should Miss H choose to exercise this option.

Miss H said when she acquired the car it was advertised as having only one previous owner, which was a key selling point. She said the supplying dealership verbally confirmed the car had a regular service history conducted by the car's manufacturer or by certified manufacturer specialist garages. Miss H said they also confirmed that in writing when she raised a complaint online.

Within three months after supply, Miss H said she experienced an exhaust issue and after 28 weeks, the car suffered a catastrophic engine failure due to a snapped timing chain.

Miss H said that subsequent investigations revealed the car had two previous owners, contrary to what was stated at the point of supply. The service history showed a significant gap between November 2021 to April 2024, and not all services were performed by the car's manufacturer or by manufacturer certified specialist garages. As such, Miss H believes the car was misrepresented to her. In addition, she said that the car was assessed by a garage that she took it to and concluded that the engine failure was due to poor maintenance and lack of oil changes.

She seeks a full refund, termination of the finance agreement, and return of the car, citing misrepresentation regarding ownership, service history, and maintenance. The appeal of the car was based on it being well looked after and having a single owner, which she now knows not to be true. Miss H also said the car was not as described and of unsatisfactory quality at the point of supply.

In January 2025 BMF wrote to Miss H stating that an independent specialist had inspected the car and determined the defect was a serviceable item. Given the 8,000 miles driven since purchase, they considered it unlikely that the faults were present at the point of supply. The inspection report, commissioned by BMF, supported this conclusion. BMF also noted that any gap in the service history was the buyer's responsibility to investigate, and the sale advert provided by Miss H did not claim the car was fully serviced. They confirmed a service had been carried out prior to the supply and that the car passed its MOT without advisories.

On this basis, BMF attributed the faults to normal wear and tear and declined to uphold the complaint.

Miss H remained unhappy with the above, so she referred her complaint to the Financial Ombudsman Service (Service).

Our investigator looked at Miss H's complaint and was of the opinion that the complaint should be upheld. The investigator said that the evidence on file confirmed the car had two previous owners, contradicting the advertisement which stated "1 Previous Owner." This misrepresentation influenced Miss H's decision to enter into the agreement, as ownership history and service records were key factors for her. Given the misleading advert and its impact on her financial decision-making, the investigator was satisfied the car was mis-sold. As such, the investigator believed that it would be fair and reasonable that BMF terminate the finance agreement and collect the car at no cost to Miss H. They also thought that BMF should refund instalments paid after the breakdown on 15 December 2024, excluding periods covered by a courtesy car, and pay £200 compensation for distress and inconvenience caused.

BMF disagreed. In summary, they felt that Miss H should have raised the misrepresentation of the two owners sooner.

Miss H disagreed, as she believed the agreement should be treated as void from inception and that she should be refunded other expenses she incurred.

As such, the complaint has been passed to me to decide.

After reviewing the case, I issued a provisional decision on 11 November 2025. In the provisional decision I said:

***"What I've provisionally 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.*

*Where evidence is unclear or in dispute, I reach my findings on the balance of probabilities – which is to say, what I consider most likely to have happened based on the evidence available and the surrounding circumstances.*

*I am very aware I have summarised this complaint very briefly, in less detail than has been provided, and largely in my own words. No discourtesy is intended by this. If there is something I have not mentioned, I have not ignored it. I have not commented on every individual detail. I have focused on those aspects that are central to me reaching, what I think, is the right outcome. This reflects the informal nature of our service as a free alternative to the courts.*

*First, I should say that I believe that Section 56 of the Consumer Credit Act 1974 would apply here. This section deals with "antecedent negotiations", and it explains that finance providers are liable for what they say and for what is said by a credit broker or a supplier (in certain circumstances) before the consumer takes out the credit agreement. Considering all the circumstances of this case, I think most likely, this section applies.*

*What I need to decide in this case is whether the car Miss H acquired was misrepresented to her by BMF and/or their agents. To make a finding of misrepresentation, I must be satisfied that Miss H was given a false statement of fact that led her to enter into a contract she otherwise would not have entered.*

*Miss H provided our service with a copy of the car advertisement. From this, I can see the car was advertised as having "1 Previous Owner." However, a vehicle history report shows that, prior to Miss H acquiring the car, there were two previous keepers (owners). This is also confirmed by the UK car registration document (V5C logbook). Therefore, it is clear that the car had two previous owners before Miss H acquired it. As such, a false statement of fact was made about the car having "1 Previous Owner" prior to supply.*

*Miss H also says the car's maintenance history was misrepresented at the point of supply. She said the supplying dealership verbally confirmed the car had a regular service history conducted by the manufacturer or certified manufacturer specialist garages. However, when she later checked the service history, it showed a significant gap from November 2021 to April 2024, and not all services were performed by the manufacturer or certified specialists. To support her account of what was said verbally at the time of supply, Miss H provided a response she received from the dealership after posting an online review. In that response, the dealership stated the car had been maintained to a high standard throughout its life and had undergone regular servicing, always carried out by either the manufacturer or certified manufacturer specialist garages. They also claimed to have full documentation to support this.*

*Having considered all of the above, I think it is most likely that the dealership made those representations during the supply process. I say this because Miss H's testimony has been consistent, detailed, and credible throughout. I also think that if the dealership had not made those representations at the time of supply, they would not have confirmed them again in their response to the online review. From the car's maintenance history on file, I can see that the car did not undergo regular servicing, and some services were not carried out by the manufacturer or certified specialists. Therefore, it is most likely that a false statement of fact was made about the service history.*

*Based on all the available evidence Miss H was, most likely, told false statements of fact regarding both the car's ownership and its maintenance history. Based on her testimony, I think it is most likely that these false statements led her to enter into a contract she otherwise would not have entered into. Considering she was after a car that was well looked after and had a single owner. Overall, I believe the car was most likely misrepresented.*

*The remedy for misrepresentation is usually rescission of the contract to put the consumer back in the position they would have been in, had it not been for the false statement. It is not to give the consumer the benefit of the false statement.*

*I know Miss H feels strongly that rescission of the finance agreement is the right outcome, and as such she feels that she should get all her payments back.*

*I am aware of the legislation and case law surrounding misrepresentation and rescission of contract, and I have taken it into consideration. However, I do not think it would be a fair and reasonable remedy for her to get all her payments back, considering the specific circumstances of this case. I say this because as time passed, Miss H continued to use the car, putting significant number of miles on it. She had about 28 weeks use of the car and had travelled around 8,000 miles in it. With that in mind, she had the car for a significant period and covered a reasonable number of miles, so she gained a significant benefit from the car. As such, I think it is only fair and reasonable that she pays for the benefit she gained.*

*When coming to the above conclusion, I also considered that I have not seen enough evidence to be able to say that the misrepresentation was, most likely, fraudulent or negligent. Considering this and the fact that Miss H had done a significant number of miles and got significant benefit from the use of the car, I think a full refund would be*

*disproportionate and unfair to the business. When thinking about putting Miss H back in the position she would have been in, had it not been for the false statements, I believe, had Miss H purchased a similar car, most likely she would have incurred similar repayments during the period in question. Plus, I agree with BMF when they say that it would have been reasonable for Miss H to have raised the misrepresentation argument earlier than she had done. This is especially with the false statement about how many previous keepers the car had. I say this because, most likely, Miss H would have been reasonably aware, or ought to have been reasonably aware, that the car had more than one keeper the minute she received her V5C logbook. As such, in this case, I think rescission of the contract whereby Miss H receives all her payments back is not the most fair and reasonable solution at the current stage.*

*I know that BMF also thinks that it would not be fair and reasonable for Miss H to be allowed to return the car because the expectation would be for the car to be returned in the condition it was sold in, and now the car is broken as it had faults with the engine. So, I have considered what they said, but I have also considered that, most likely, the car was of unsatisfactory quality when it was supplied to Miss H. As such, I do not think it would be unreasonable for Miss H to return the car in the state that it is in. I'll explain below.*

*The Consumer Rights Act 2015 (CRA) covers agreements such as the one Miss H entered into. Under this agreement, there is an implied term that the goods supplied will be of satisfactory quality. The CRA says that goods will be considered of satisfactory quality where they meet the standard that a reasonable person would consider satisfactory – taking into account the description of the goods, the price paid, and other relevant circumstances. I think in this case those relevant circumstances include, but are not limited to, the age and mileage of the car and the cash price. The CRA says the quality of the goods includes their general state and condition, as well as other things like their fitness for purpose, appearance and finish, freedom from minor defects, safety, and durability.*

*In Miss H's case the car was about seven to eight years old, with a total cash price of £10,395. It covered around 81,049 miles. So, the car travelled a reasonable distance, and it is reasonable to expect there to be some wear to it because of this use. I would have different expectations of it compared to a brand-new car. As with any car, there is an expectation there will be ongoing maintenance and upkeep costs. There are parts that will naturally wear over time, and it is reasonable to expect these to be replaced. With second-hand cars, it is more likely that parts will need to be replaced sooner or be worn faster than with a brand-new car. BMF would not be responsible for anything that was due to normal wear and tear whilst in Miss H's possession.*

*The CRA sets out that Miss H has a short term right to reject the car within the first 30 days, if the car is of unsatisfactory quality, not fit for purpose, or not as described, and she would need to ask for the rejection within that time. Miss H would not be able to retrospectively exercise her short term right of rejection at a later date.*

*The CRA does say that Miss H would be entitled to still return the car after the first 30 days, if the car Miss H acquired was not of satisfactory quality, not fit for purpose, or not as described, but she would not have the right to reject the car until she has exercised her right to a repair first – this is called her final right to reject. This would be available to her if that repair had not been successful.*

*First, I considered if there were faults with the car.*

*From the evidence on file, I can see that in August 2024 the car had its lambda sensor replaced and when the car broke down again mid-December 2024, when it had travelled*

*around 89,804 miles, it was found that the failure had all symptoms consistent with the timing chain having snapped.*

*Based on all of the above, I think the car was, most likely, faulty. But just because a car was faulty does not automatically mean that it was of unsatisfactory quality when supplied. So, I have considered if the car was of unsatisfactory quality when it was supplied to Miss H.*

*First, I considered the first time the car broke down. I think most likely, the repairs the car required at that time would not render it of unsatisfactory quality. A lambda sensor (also known as an oxygen sensor) is a wear and tear item and a reasonable person would expect that parts will naturally wear over time, and it is reasonable to expect these to be replaced. With second-hand cars, as the one in question, it is more likely parts will need to be replaced sooner or be worn faster than with a brand-new car. Plus, I have not been given any evidence to allow me to say that the repair required at the time, most likely, would render the car of unsatisfactory quality.*

*Next, I considered the second breakdown of the car. This occurred when it had travelled around 89,804 miles. At that time, it was found that, most likely, the timing chain had snapped. This is confirmed by the independent report commissioned by BMF and a report commissioned by Miss H from a third-party garage.*

*The report commissioned by Miss H from a third-party garage, goes into a significant amount of detail and concludes that a timing chain fault was present at the time of purchase, and its failure is the result of poor historic maintenance and neglected service intervals.*

*The independent report commissioned by BMF said the timing chain is heavily reliant on a constant clean feed of engine oil, and it said that the defect would not have been developing at inception. It also said that if the car does have a gap in the service history prior to purchase, it is considered that this may be a contributing factor, although it is the purchaser's responsibility to satisfy themselves in this regard prior to purchase.*

*Miss H also commissioned another report from the same third-party garage, but this time they specifically looked at the oil and the oil filter. In their opinion, the timing chain fault has been caused by the use of an incorrect and unsuitable oil filter. The report said that the filter does not meet the required specifications for the engine set out by the manufacturer's guidelines. This filter has likely restricted oil flow and/or failed to maintain correct oil pressure, resulting in inadequate lubrication of the timing system and premature failure. The report said that the fault was present at the point of supply, and the car should not have been sold in this condition, as it was not fit for purpose with this filter under the manufacturer's guidelines.*

*Based on both of the reports, it is clear that poor historic maintenance, neglected service intervals, and a gap in the service history, at the very least, may be a contributory factor to why the timing chain has failed. All of this combined with the fact that a wrong filter was, most likely, used during one of the services prior to Miss H acquiring the car, further adds to the fact that, most likely, faults with the timing chain were developing at the time of supply. Also, I have already explained why I think Miss H was, most likely, told false statements of fact regarding the maintenance history, as in that the car sold was regularly maintained and serviced. As such, considering all the available evidence I think most likely, the car was not of satisfactory quality at the time of supply.*

*Considering all of the above, under the CRA at this moment in time Miss H would be able to exercise her right to a repair. However, I do not think a repair would be a fair and reasonable option considering the specific circumstances of this case.*

*I have also looked at a remedy for breach of contract, namely for goods which are not as described. The requirement for goods to be as described is implied into the contract between Miss H and BMF by the CRA. Under the CRA where such a term is breached, Miss H is provided with several remedies including repair, replacement, or monetary awards such as damages. So, I considered what the right remedy is, taking all the circumstances of this case. I also take into consideration what both sides have said.*

*I have considered that a repair or a replacement are, most likely, not practical remedies at this stage. I say this because we do not know if the repair would be economical, and it would cause further delays and burden to Miss H. As such, a repair seems unreasonable at this stage. In addition, I think most likely, it would not be easy to replace the car with a similar one as it might be difficult to find a like for like car. Plus, I think a monetary award combined with allowing Miss H to keep the car, would also not be the most fair and reasonable. I say this because Miss H would need to look to repair the car herself and I already covered why that would not be practical. In addition, I have considered that a repair or a replacement, or a monetary award such as damages (whereby she keeps the car), would, most likely, cause Miss H further inconvenience.*

*Taking everything into consideration, I think the most fair and reasonable option at this point is for BMF to end the finance agreement and to collect the car from wherever it is located at no cost to Miss H. Miss H has been able to use the car, so I think it is reasonable she pays for this use (as I explained above I do not think it would be fair or reasonable for her to get all her payments back). As such, BMF can keep all repayments made and due up until mid-December 2024 when the car broke down. BMF should refund Miss H all payments made after that date. I also do not think BMF needs to refund payments Miss H has incurred on alternative transport because I am already directing them to refund the payments she would have made from mid-December 2024 onwards.*

*Miss H paid for two reports to be completed so I think, upon proof of payment, it is fair and reasonable for BMF to refund these costs, as she would not have incurred these had BMF supplied her with a car that was of satisfactory quality and the two false statements about previous maintenance and prior ownership had not been made to her.*

*Miss H said that she had to pay for towing of the car, so I think, upon proof of payment, it is fair and reasonable for BMF to refund this cost too. She has also asked for her insurance payments from inception to December 2024 to be refunded to her, but I do not think it would be fair and reasonable to ask BMF to refund that cost because she got significant use of the car and had the benefit of the insurance, as I mentioned above.*

*BMF should also add interest to all the refunded amounts from the date of each payment made by Miss H until the date of settlement. Interest should be calculated at 8% simple per year.*

*I have considered the impact the situation had on Miss H. I know this matter has caused her a lot of distress and inconvenience while trying to resolve it. She also had to make the car available for inspections and arrange towing. Plus, she spent a lot of time corresponding when trying to sort out the situation she found herself in. I think Miss H would not have experienced all of this, had BMF supplied her with a car that was of satisfactory quality and had the two false statements about previous maintenance and prior ownership not been made to her. So, I think BMF should pay Miss H a total of £200 in compensation to reflect the impact this had on her.*

### **My provisional decision**

*For the reasons given above, I intend to direct Blue Motor Finance Ltd to:*

1. *End the finance agreement and collect the car from wherever it is located at no cost to Miss H;*
2. *Keep all repayments made and due until mid-December 2024 and refund all payments made after this date;*
3. *Refund Miss H the costs she incurred for the reports, upon proof of payment;*
4. *Refund Miss H the costs for towing of the car, upon proof of payment;*
5. *Add 8% simple interest per year to all refunded amounts, from the date of each payment to the date of settlement;*
6. *Pay Miss H a total of £200 compensation for distress and inconvenience caused;*
7. *Remove any adverse information recorded on Miss H's credit file in relation to this credit agreement. The credit agreement should be marked as settled in full on her credit file, or something similar, and should not show as voluntary termination.*

*If Blue Motor Finance Ltd considers that tax should be deducted from the interest element of my award, they should provide Miss H with a certificate showing how much they have taken off so she can reclaim that amount, if she is eligible to do so."*

I asked both parties to provide me with any additional comments or information they would like me to consider by 25 November 2025.

Miss H accepted my provisional decision.

BMF did not respond.

### **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 and considering neither Miss H nor BMF had any further information or comments to make, I see no reason to reach a different conclusion to what I reached in my provisional decision (copied above).

### **My final decision**

For the reasons given above, and in my provisional decision, I direct Blue Motor Finance Ltd to:

1. End the finance agreement and collect the car from wherever it is located at no cost to Miss H;
2. Keep all repayments made and due until mid-December 2024 and refund all payments made after this date;
3. Refund Miss H the costs she incurred for the reports, upon proof of payment;
4. Refund Miss H the costs for towing of the car, upon proof of payment;
5. Add 8% simple interest per year to all refunded amounts, from the date of each payment to the date of settlement;
6. Pay Miss H a total of £200 compensation for distress and inconvenience caused;
7. Remove any adverse information recorded on Miss H's credit file in relation to this credit agreement. The credit agreement should be marked as settled in full on her credit file, or something similar, and should not show as voluntary termination.

If Blue Motor Finance Ltd considers that tax should be deducted from the interest element of my award, they should provide Miss H with a certificate showing how much they have taken off so she can reclaim that amount, if she is eligible to do so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 5 January 2026.

Mike Kozbial  
**Ombudsman**