

## The complaint

Miss B is unhappy with the car supplied under the hire purchase agreement with Lloyds Bank PLC (LB).

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

## What happened

At the end of September 2024, Miss B entered into a hire purchase agreement with LB to acquire a used car. The car was first registered in April 2022. At the time of supply, it had travelled approximately 29,942 miles as per the car order form. The total cash price of the car was £35,839. There was a deposit of £10,839. The duration of the agreement was 60 months, and the monthly instalments were £515.82.

In summary, Miss B stated that LB failed to disclose significant defects including prior structural repairs, bonnet misalignment, windscreen chips, and a mileage discrepancy. She also reported that the dealership did not service the car as promised, recorded an incorrect delivery date resulting in additional road tax costs, and provided only 80% of a full fuel tank. Additionally, the tyres were mismatched across different brands.

Miss B said she gave the dealership an opportunity to address these issues, but they failed to do so. In January 2025, a third-party dealership—appointed by the supplier—inspected the car and adjusted the bonnet without her consent, despite her request that only the manufacturer handles repairs. Later that month, the manufacturer's dealership confirmed that the bonnet misalignment indicated major structural repairs and discovered a mileage blocker, which interfered with the car's electronics and prevented accurate mileage tracking.

Miss B explained that these issues caused her significant distress, inconvenience, and had an impact on her health. She no longer feels safe or comfortable driving the car and seeks termination of the finance agreement, reimbursement of all repayments, and compensation for additional costs incurred due to misrepresentation.

In February 2025 LB reviewed the complaint and partially upheld it, acknowledging that the car's body panels had been misaligned. LB declined to uphold issues relating to the drivetrain, missing handbook, insufficient fuel, delivery overcharge, windscreen chip, and paintwork. To resolve matters, LB offered £75 and confirmed that the supplying dealer had carried out minor remedial work on 2 January 2025 at no cost to Miss B.

LB stated the car was not advertised with a printed owner's manual and that a generic tyre repair kit was provided. They requested evidence for missing covers, which Miss B did not supply. LB also noted that the dealer paid £37 for fuel and reduced the car's price by £10 to correct the delivery charge. Additionally, LB offered a more thorough polish in January 2025, explaining that cosmetic imperfections were expected given the car's age and confirming the windscreen chip was not an MOT concern.

LB acknowledged Miss B's report of an engine management warning and drivetrain fault in December 2024. The dealer offered two repair appointments, but Miss B took the car to a manufacturer's dealership instead. Diagnostics revealed a third-party mileage blocker installed in the wiring loom, which disrupts car functions. The dealership said they would require its removal before being able to continue with the diagnostics.

LB concluded the drivetrain issue was likely linked to the mileage blocker and declined to uphold this aspect, citing no evidence it was present at the point of sale. LB provided odometer readings showing 29,943 miles on 30 August 2024 and 30,293 miles at delivery—a difference of 350 miles. They said that the distance from the supply dealership to the dealership from which Miss B collected the car is about 300 miles and as such, most likely, the mileage was being recorded correctly at that time. They also noted Miss B's own trips to London accounted for approximately 600 miles, with the odometer reading 30,645 miles on 23 January 2025. Based on this, LB maintained there was no proof the mileage blocker existed when the car was supplied but, most likely, was installed after supply.

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

Our investigator looked at Miss B's complaint and was of the opinion that the complaint should be upheld. The investigator said that the car was of unsatisfactory quality and as there was an attempt at a repair, Miss B should be able to end the agreement with nothing further to pay. Miss B should have her deposit payment refunded minus any negative equity or dealer contributions, if applicable. The dealer should pay 8% simple yearly interest on all refunded amounts from the date of payment until the date of settlement and pay Miss B a further £300 in recognition of the distress and inconvenience caused.

LB agreed. However, Miss B did not 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 24 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.*

*What I need to decide in this case is whether the car Miss B acquired was misrepresented to her by LB and/or their agents. To make a finding of misrepresentation, I must be satisfied that Miss B was given a false statement of fact that led her to enter into a contract she otherwise would not have entered. If the car was supplied to Miss B with a third-party blocker, this would make the car illegal to drive on the UK roads, and it would mean that the*

*car was supplied with true mileage unknown. As such I would consider the car to be misrepresented at the point of supply, if the presence of the mileage blocker was not disclosed and/or if the mileage on the car was not indicated as unknown due to the presence of the blocker in the car. Following on from this, a relevant point to answer is whether the mileage blocker was installed on the car before or after supply.*

*LB said that there is no evidence that the mileage blocker was present at the point of sale. LB provided odometer readings showing 29,943 miles on 30 August 2024 and 30,293 miles at delivery—a difference of 350 miles. They said that the distance from the supply dealership to the dealership from which Miss B collected the car is about 300 miles and as such, most likely, the mileage was being recorded correctly at that time. They also noted Miss B's own trips to London accounted for approximately 600 miles, with the odometer reading 30,645 miles on 23 January 2025. Based on this, LB maintained there was no proof the mileage blocker existed when the car was supplied but that, most likely, it was installed after supply. As such, I have taken into consideration what they have said but on balance I disagree, and I think that, most likely, the mileage blocker was installed before the car was supplied to Miss B. I will explain why.*

*When coming to the above conclusion I have considered that we do not know what route the delivery driver took when he was travelling from supply dealership to the dealership where Miss B took delivery of the car. And even if we knew the specifics of this route, we still do not know exactly how this specific mileage blocker works. As some devices may block mileage in a non-uniform or random way such as activating only at certain speeds or conditions, with some linked to gear position or GPS data for selective blocking. I also considered that the mileage blocker was found early on after supply. I have also taken into account Miss B's testimony, where she has questioned why she would have installed the blocker herself right before taking the car to the manufacturer's dealership. I think, had she been the one who installed the blocker and the blocker started to affect other operations such as the car speed not being displayed at times, most likely, she would have gone back to the person that installed the blocker and would have questioned it with them as to why the blocker was affecting certain car operations. Moreover, I think most likely Miss B would not have raised some of the issues around the speed display with the supplying dealership and, in turn, with the car manufacturer's dealership, had she been the one who authorized the install of the mileage blocker. Finally, I think it would have been reasonable for LB to have done more to try and ascertain how this mileage blocker worked considering the issues raised only a few months after supply.*

*Taking all of the above into consideration, I think I have seen enough evidence to be able to say that, most likely, this mileage blocker was installed before Miss B took delivery of the car. As such, a false statement of fact was made about the car's mileage prior to its supply.*

*Miss B also says the car's service history was misrepresented as the dealership said they would complete the service before delivery, and that the car itself had been misrepresented, as she was not told it was involved in an accident prior to its supply. From the notes on the file I can see that the supplying dealership forwarded the documentation that they have done the service after she took delivery of the car. However, I do not think I need to make a finding regarding these points, as I am already of the opinion that the car was misrepresented to Miss B.*

*Based on all the available evidence Miss B was, most likely, told a false statement of fact regarding the car's mileage. 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. I think at minimum Miss B wanted a car that is road legal and not one with an unknown mileage. Overall, I believe the car was, most likely, misrepresented to her.*

*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.*

*I know Miss B 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 has passed, Miss B continued to use the car, and put miles on it. I know currently the car has at least 32,171 miles and, most likely, significantly more considering that the mileage blocker is still attached to the car. With that in mind, she had the car for a significant period and done some miles, so she gained a benefit from the car. As such, I think it is only fair and reasonable that she pays for the benefit she has gained.*

*I think a full refund would be disproportionate and unfair to the business. When thinking about putting Miss B back in the position she would have been in, had it not been for the false statements, I believe, had Miss B purchased a similar car, most likely she would have incurred similar repayments during the period in question. As such, in this case, I think rescission of the contract whereby Miss B receives all her payments back is not the most fair and reasonable solution at the current stage.*

*I have also considered that, most likely, the car was of unsatisfactory quality when it was supplied to Miss B. I'll explain below.*

*The Consumer Rights Act 2015 (CRA) covers agreements such as the one Miss B 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 B's case the car was about two and half years old, with a total cash price of £35,839. It was sold as having covered around 29,942 miles (bearing in mind the mileage blocker). 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. However, given the age, mileage and price paid, I think it is fair to say that a reasonable person would have high expectations of it and would expect the quality of the car to be of a higher standard than a car which is more road worn or has a lower price. Also, I think a reasonable person would expect it to be free from defects for a considerable period of time.*

*The CRA sets out that Miss B 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 B would not be able to retrospectively exercise her short term right of rejection at a later date.*

*The CRA does say that Miss B would be entitled to still return the car after the first 30 days, if the car Miss B 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 the car had misaligned body panels and there is evidence that indicates that certain parts of the car had been painted. Also, considering that I think most likely the mileage blocker was installed before supply, I think there might also be an issue with the drivetrain.*

*Based on all of the above, I think the car was, most likely, faulty. However, just because the 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 B.*

*First, I considered when the issues were reported with the misaligned panels. This happened almost right away after supply. From some of the pictures provided it seems, most likely, these issues were there before the car was supplied to Miss B. As such, considering all the available evidence I think, most likely, the car was not of satisfactory quality at the time of supply. This is because based on the age, price, and mileage of the car as stated when supplied, I do not think that the goods supplied were as described, or that a reasonable person would accept a two-year-old car to have misaligned panels.*

*Considering all of the above, under the CRA at this moment in time Miss B 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'll explain below.*

*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 B and LB by the CRA. Under the CRA where such a term is breached, Miss B 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 LB had an attempt at repair early on in January 2025, and afterwards when the car was looked at by the car manufacturer's dealership it was still noted that 'O/S HEADLING GAP BIGGER THEN N/S'. As such, it seems, most likely, an attempt at a repair has been made and has failed. Also, I considered that we still do not know what else is wrong with the car when it comes to the drivetrain issues that cannot be diagnosed until the mileage blocker is removed. So further repairs would cause more delays and burden to Miss B. 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 B to keep the car, would also not be the most fair and reasonable. I say this because Miss B 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 B further inconvenience.*

*Taking everything into consideration, I think the most fair and reasonable option at this point is for LB to end the finance agreement and to collect the car from wherever it is located at no cost to Miss B. Miss B 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, LB can keep all repayments made up to the end of January 2025 when the mileage blocker was discovered. From there onwards I think it is fair and reasonable that LB can keep 50% of the payments due up to the time the car is collected. There is no perfect way to calculate the usage Miss B had of the car after that dealership visit at the end of January 2025. And I have taken into consideration that Miss B said that she had not driven it since then, but the car had covered at least a further 1,500 miles from the time it was at the manufacturer's dealership, as odometer was showing 30,645 miles and now it has around 32,171 miles. When arriving at the 50% payment amount, I considered that, most likely, Miss B was not using the car as much as she would have wanted as, I think, most likely, she was worried about some of the existing faults, but yet still got some use of the car. The car had travelled at least a further 1,500 miles and, most likely, a lot more as the mileage blocker probably obscured further mileage travelled in the car. As such, considering the specific circumstances of this complaint I think 50% payment is fair and reasonable.*

*LB should also refund Miss B's deposit minus any negative equity or dealer contributions, if applicable.*

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

*I have considered the impact the situation had on Miss B. 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 B would not have experienced all of this, had LB supplied her with a car that was of satisfactory quality and had a false statement about the mileage not been made to her. So, I think LB should pay Miss B a total of £375 in compensation to reflect the impact this had on her. This is £300 in addition to the £75 LB have already offered. I know Miss B also thinks she should be refunded for certain promises that the dealership had made to her, but I think my award already covers most issues, the distress and inconvenience she experienced, and the small expenses she may have incurred when dealing with the car issues in question. Most importantly, I have to stress that in this decision I can only look at the aspects LB are responsible for, so I cannot look at certain actions and/or inactions of the supply dealership which she might be unhappy about. As such, in this decision I only focused on the aspects I can look into.*

### **My provisional decision**

*For the reasons given above, I intend to direct Lloyds Bank PLC to:*

- 1. End the finance agreement and collect the car from wherever it is located at no cost to Miss B;*
- 2. Refund Miss B's deposit minus any negative equity or dealer contributions, if applicable;*
- 3. Keep all repayments made up to the end of January 2025 when the mileage blocker was discovered. From there onwards refund/keep 50% of the payments due up to the time the car is collected;*

4. *Add 8 simple interest per year to the refunded amounts, from the date of payment to the date of settlement;*
5. *Pay Miss B a total of £375 compensation for distress and inconvenience caused. This is £300 in addition to the £75 they have already offered;*
6. *Remove any adverse information recorded on Miss B'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 Lloyds Bank PLC considers that tax should be deducted from the interest element of my award, they should provide Miss B 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 8 December 2025.

LB did not respond.

Miss B did not accept my provisional decision.

### **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.

Following my provisional decision Miss B made few points and, as such, I have considered these, but they have no impact on the outcome I have proposed.

Miss B said that the total amount paid was £36,718, as confirmed by the 'Vehicle Order Form'. However, at the beginning of the provisional decision I have stated a figure of £35,839. I should explain that £35,839 is the total cash price of the car which is the amount from her actual hire purchase agreement, not from the order form.

Miss B also said that no repairs were carried out and, again, provided further information around the timeline she had given us. For clarity this does not have an impact on the outcome of the decision, and I should explain that in my provisional decision I have said that it seems, most likely, an attempt at a repair has been made and has failed. This is partly why I have concluded in her favour that a repair seems unreasonable at this stage.

She has also said that the V5 registration was in the wrong name and that this could have had an impact on risk and premiums. She gave an example of hypothetical situations that could have happened. Plus, she said that she formally rejected the car within the first 30 days, so she said it is concerning that she was effectively left in a position where she was expected to continue to use and insure a car that was not road legal, exposing her to potentially serious financial consequences through no fault of her own.

I have considered what she has told us. However, I have not been provided with enough information to show that, most likely, she has suffered a direct loss because of the incorrect information on the V5 document. Also, I cannot comment on and take into consideration what might have happened, as we consider each complaint on its own merits and based on its own specific set of circumstances. In addition, I still think it is reasonable that Miss B pays for the use of the car she had. I say this because, as time has passed, Miss B continued to use it and put miles on it. The car currently has at least 32,171 miles and, most likely, significantly more considering the effects of the mileage blocker. Plus, she had the car for a significant period of time and had done some miles, so she gained benefit from the car.

Having reconsidered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint, I see no reason to reach a different conclusion from the one I have reached in my provisional decision.

### **My final decision**

For the reasons given above, and in my provisional decision, I direct Lloyds Bank PLC to:

1. End the finance agreement and collect the car from wherever it is located at no cost to Miss B;
2. Refund Miss B's deposit minus any negative equity or dealer contributions, if applicable;
3. Keep all repayments made up to the end of January 2025 when the mileage blocker was discovered. From there onwards refund/keep 50% of the payments due up to the time the car is collected;
4. Add 8 simple interest per year to the refunded amounts, from the date of payment to the date of settlement;
5. Pay Miss B a total of £375 compensation for distress and inconvenience caused. This is £300 in addition to the £75 they have already offered;
6. Remove any adverse information recorded on Miss B'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 Lloyds Bank PLC considers that tax should be deducted from the interest element of my award, they should provide Miss B 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 B to accept or reject my decision before 13 January 2026.

Mike Kozbial  
**Ombudsman**