

## The complaint

Mr M complains about the quality of a car he acquired under a hire purchase agreement with Advantage Finance Ltd (AF).

When I refer to what Mr M has said and what AF have said, it should also be taken to include things said on their behalf.

## What happened

In November 2022, Mr M entered into a hire purchase agreement with AF to acquire a car first registered in July 2012. At the time of acquisition, the car had travelled around 92,275 miles. The cash price of the car was around £6,115. The total amount payable was approximately £11,739. There were 57 monthly payments each £198.94 followed by one final payment of £398.94.

Mr M said that after two days the car's bonnet flew open and damaged the windscreen when he was driving with his family on the motorway. The bonnet would not go back down when the recovery agent came out. Mr M said he paid to have the windscreen repaired and raised a complaint. Mr M also said that the gearbox had to be investigated and replaced. He said this was within the six-month warranty period. Mr M would like the car to be repaired to a satisfactory standard, and he would like compensation for the distress and inconvenience caused.

Mr M raised a complaint with AF and in March 2023 an independent inspection was completed on the car. At the time of the inspection the car had travelled 101,544 miles (around 9,269 miles since acquisition). The inspection examined the following: back window button not working, stop start issues, cruise control not working, gearbox not working and leaking transmission oil, and bonnet lock broken. The report concluded that the bonnet's safety hatch was seized and that this seizure would be a very gradual process. Therefore, the hatch would have been seized at the point of acquisition and a long time before that. Furthermore, the engineer said that the car's gears cannot be selected, and that the clutch has either worn out or has failed in some way. The engineer concluded that the gearbox will require removal along with the clutch in order to confirm the reason for this, and they confirmed that the NSF electric window door switch was defective. However, the engineer said that apart from the damage to the car as a result of the bonnet opening, the remainder of the issues with the car were the result of age-related wear and tear, and not due to premature wear. So, the report concluded that anything else would not be the responsibility of AF.

AF asked Mr M to go to the supplying dealership to have the repairs surrounding the bonnet failure completed, but Mr M indicated that the dealership has not been as cooperative. Many months had gone by, so AF asked Mr M to get a quote for the required repairs.

In December 2024 AF wrote to Mr M. In this correspondence they said that, after investigating Mr M's complaint, it was confirmed the bonnet security latch was semi-seized and has not been lubricated for some considerable time. In turn, this has resulted in the bonnet coming undone and therefore any damage that has occurred as a result of this was

due to a pre-existing condition at the point of sale. But as the repairs were not carried out, they said they requested Mr M to provide them with a quote for the necessary repairs. The quote received was for £3,780, but as the cost of the repairs were over 50% of what the car value was, they said it would be uneconomical for them to authorise the repairs. As such, they said, they would be willing to allow Mr M to reject the car.

AF said that, after the car is dropped off by Mr M, they will then remove him from the agreement with nothing further to pay and remove negative information from his credit file. They have also said they have credited £200 for the distress and inconvenience to his agreement to offset some of the 40,251 miles covered in the car whilst it was in his possession. AF also said that despite the cosmetic damage to the car, Mr M still had sufficient use of the it since the agreement commenced.

Mr M remained unhappy, so he referred his complaint to the Financial Ombudsman Service (Financial Ombudsman).

While the complaint was with us, AF have confirmed to us that they are prepared to offer this to Mr M:

- Collect the car at no cost to Mr M;
- Remove Mr M from having any liability for any arrears or future payments towards the agreement;
- Remove any adverse information from his credit file;
- Pay £750 distress and inconvenience with a deduction of 25 pence per mile, for every mile that has been completed since the image was received on the 19.05.25 showing the odometer reading at that stage to be 142,141 miles;
- Reimburse £75 fee incurred for the replacement of the windscreen.

Our investigator considered AF's offer and the investigator was of the opinion that it was fair and reasonable. This was especially as the investigator said that Mr M has not paid his monthly contractual payments and keeps driving the car for free and, as of 13 May 2025 (based on an email from AF), the arrears on the account were around £3,033.04.

Mr M disagreed with the investigator. He believes that the compensation should be higher as he has been dealing with this for some time and he was making payments during the time the car was faulty, resulting in having paid under £3,000 towards the agreement.

Following the above, AF have rescinded their offer. They have told us that a recent MOT was completed on the car in November 2025. From this MOT they can see that Mr M had continued and significant use of the car because an additional 6,749 miles have been completed since around May 2025. So, AF felt they no longer needed to offer any distress and inconvenience to Mr M or to reimburse him for the windscreen repair. This is because Mr M had completed an incredibly significant amount of miles (around 56,615) since its supply. During this time, they said Mr M has not made a full contractual payment since January 2024, whilst depreciating the value of a car which was, allegedly, not fit for purpose.

AF said that Mr M had only paid £2,935.16 since supply some 3 years ago, so the agreement is currently £4,027.74 in arrears. As such they said, they will no longer accept the rejection of the car. They said that Mr M can retain the car on the premise that a suitable payment arrangement is made for him to bring his arrears up to date. However, if a payment is not made, the account would be actioned accordingly, likely ending in repossession. In addition, any redress awarded would be deducted from the arrears and would not be paid to Mr M. In summary, they feel that Mr M has not been inconvenienced in any way and has continued use of an essentially free car whilst breaching all payment terms and conditions in the agreement.

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

After reviewing the case, I issued a provisional decision on 19 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.*

*In considering what is fair and reasonable, I need to take into account the relevant rules, guidance, good industry practice, the law and, where appropriate, what would be considered good industry practice at the relevant time. Mr M acquired the car under a hire purchase agreement, which is a regulated consumer credit agreement. Our service can look at these sorts of agreements. AF is the supplier of goods under this type of agreement and is responsible for dealing with complaints about their quality.*

*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. But I have focussed on those that are central to me reaching, what I think is, the right outcome. This reflects the informal nature of the Financial Ombudsman as a free alternative to the courts.*

*I know that Mr M is unhappy about certain actions/inactions of the supply dealership and the broker and for some of these AF might be responsible for, such as for example what was said or done during the antecedent negotiations before Mr M entered into the finance agreement. But generally, I can only consider actions/inactions of AF and only the aspects they are responsible for, so I cannot look at certain actions and/or inactions of the dealership or broker which Mr M might be unhappy about. As such, in this decision I only focused on the aspects I can look into. And I am only looking at the events that have been raised by Mr M with AF, the ones they had an opportunity to address after he raised his complaint.*

*The Consumer Rights Act 2015 (CRA) covers agreements such as the one Mr M 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 Mr M’s case the car was used, with a cash price of around £6,115. It had covered around 92,275 miles and was around 10 years old when he acquired it. So, the car had 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. And with second-hand cars, it is more likely parts will need to be replaced sooner or be worn faster than with a brand-new car. So, AF would not be responsible for anything that was due to normal wear and tear whilst in Mr M’s possession.*

*Mr M thinks that he should be entitled to have AF repair the car or pay him a higher amount for the distress and inconvenience caused.*

*The CRA sets out that Mr M 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 he would need to ask for the rejection within that time. Mr M would not be able to retrospectively exercise his short term right of rejection at a later date.*

*The CRA does say that Mr M would be entitled to still return the car after the first 30 days, if the car acquired was not of satisfactory quality, not fit for purpose, or not as described, but he would not have the right to reject the car until he has exercised his right to a repair first – this is called his final right to reject. This would be available to him if that repair had not been successful. But sometimes the right to repair might not be the most fair and reasonable option such as for example when a repair would be uneconomical.*

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

*From the independent report done in March 2023 when the car had travelled around 101,544 miles (around 9,269 miles since acquisition), I can see there were faults with the car. The back window button was not working, there were stop start issues, cruise control not working, gearbox not working and leaking transmission oil, plus the bonnet lock was broken. Based on this, it is clear that the car was 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 Mr M.*

*I considered the issues Mr M had with the bonnet coming loose two days after acquisition would most likely make the car of unsatisfactory quality. I have come to this conclusion because when considering the mileage of the car at supply, the price paid, combined with when the faults first became apparent (very shortly after supply), I think most likely, a reasonable person would not consider the car with this fault to be of satisfactory quality. When coming to this conclusion I have also relied on the independent report which concluded that the bonnet safety hatch was seized and that the safety hatch was not working. The engineer said that this would be a very gradual process, therefore it would have been seized at the point of acquisition and a long time before that. So, I think it is only fair that AF should be responsible for this fault.*

*Before I discuss the redress for the above, I would like to consider all the other faults that have been raised by Mr M including the back window button not working, the stop start issues, cruise control not working, gearbox not working and leaking transmission oil. However, I do not think that any of the other work the car needed would render it of unsatisfactory quality and/or that it would be fair and reasonable for me to say that AF should be responsible for those repairs. I say that for a few reasons, as I will explain below.*

*The independent inspection said that the car's gears cannot be selected and that the clutch has either worn out or has failed in some way. The engineer concluded that the gearbox will require removal along with the clutch in order to confirm the reason for this and he confirmed that the NSF electric window door switch was defective. However, the engineer said that apart from the damage to the car as a result of the bonnet opening, the remainder of the issues were the result of age-related general wear and tear and not premature wear. So, the report concluded that anything else would not be the responsibility of AF.*

*Also, I don't know the exact mileage the car had travelled when Mr M first raised the above issues. But I know that these were raised by Mr M right before the independent inspection was completed in March 2023. So, I considered that, at the time, the car had travelled a*

*significant number of miles, about 101,544 miles (around 9,269 miles since acquisition). So, when considering the age and mileage of the car plus the price paid, combined with when the issues (except the ones with the bonnet) were noted, I think most likely, the faults Mr M was experiencing were because of normal wear and tear, and parts coming to the end of their life cycle.*

*I have also thought about the fact that even if all these issues were raised much sooner than that, I still would not have thought they would render the car of unsatisfactory quality. I say this because the independent inspection concluded that these were age-related general wear and tear, and not premature wear. So, considering this along with the car's age, mileage, and price paid, I think it is reasonable to expect there to be some wear to the car as a result of its use. As with all used cars, there is an expectation that 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. And with second-hand cars – especially with a car of high age and mileage – it is more likely that parts will need to be replaced sooner or be worn faster than with a brand-new car. So, AF is not responsible for anything that was due to normal wear and tear.*

*When coming to the above conclusion, I have also considered that I have not seen any invoices or reports that would provide information as to what exactly was repaired or replaced, or enough evidence to be able to say that, most likely, the repairs that were needed were developing at the point of supply, or that they would render the car not reasonably durable.*

*Returning back to the fault with the bonnet and deciding what the reasonable redress should be, in a similar situation I would have said that AF should arrange and carry out the repairs to the car at no cost to Mr M and within a reasonable timescale. However, I know that AF thinks it would be disproportionate to make the repairs based on the estimate that has been provided by Mr M, as this would impose costs on them that, most likely, would be deemed unreasonable. As such, I think allowing Mr M to exercise his right to reject the car instead of arranging a repair is a more reasonable resolution. Furthermore, I have considered what would be fair and reasonable redress in the specific circumstances of this complaint.*

*I understand that Mr M has been able to use the car and is still using it at the moment, putting large number of miles on the car (as of last MOT, early in November 2025 the car had travelled 148,890 miles – that is more than 56,000 miles since supply). As such, I think it is reasonable he should pay for this use.*

*There is currently no industry-wide agreement on a pence per mile or, for example, average mileage travelled. So again, in line with my requirement to resolve complaints quickly and with minimum formality, I think requesting monthly repayments is broadly a fair reflection for the use of the car. As such, I think it is reasonable that AF can keep all payments that were made plus they are entitled to all the payments that would be due under the finance agreement, up until the car gets collected. However, I know that Mr M mentioned that he has been driving the car all throughout with the damage that was caused when the bonnet flew open soon after he acquired the car. As such, I have considered this.*

*I understand that driving the car with this damage is likely to have been somewhat stressful and annoying to him. So, this would have reduced the enjoyment and utility Mr M would have had while driving the car. There is no exact mathematical method to quantify the impact on Mr M having had to drive the car with these issues, but having considered the circumstances, I think Mr M should be entitled to 10% of the hire purchase repayments he has made since he first experienced the issues which presented shortly after supply. So, I think it is reasonable that AF can keep all payments Mr M has made plus I think it is*

*reasonable that they are entitled to all the payments that would be due under the finance agreement up until the car gets collected, except for 10% of all these repayments.*

*I know AF have said that Mr M has not made a full contractual payment to the agreement since 10 January 2024 whilst continuing to use the car with no limits, depreciating the value of a car allegedly not fit for purpose. So, I have taken this into consideration, but I would remind AF that there was no mileage limit on the finance agreement and Mr M could, and still can, exercise his right to Voluntary Termination (VT). VT allows the consumer to hand the goods back to the finance provider during the term of the agreement. After returning the goods the consumer will still owe any arrears and any other sums that have accrued prior to termination. This means Mr M would still owe any payments he has missed up to that point, plus any other sums due before termination. As such, Mr M could exercise his right to VT. Provided he has taken reasonable care of the goods and repaid any arrears or other sums due, he would have nothing more to pay. However, had he not paid half of the total amount due, then he would owe AF the amount required to reach that point, plus any other sums that were due prior to termination. If Mr M wants to VT, provided the agreement has not been terminated and the final instalment is not yet due, then he can still do so. He would owe the arrears, any other sums due before termination, and the amount required to reach the halfway point. And if Mr M was unable to pay that straightaway due to affordability issues, I would expect that it would be considered reasonable for AF to discuss a suitable repayment plan with him.*

*Bearing the above in mind, I do not think my proposal is unreasonable, whereby AF keeps all repayments Mr M has made and in addition are entitled to all the repayments that would be due under the finance agreement up until the car gets collected, except for 10% of all these payments.*

*Mr M has also mentioned that he had to spend money repairing the windshield so I think it would only be fair and reasonable that AF refund the cost of the windscreen repair paid for by Mr M. Plus add 8% simple interest per year to this refunded amount, from the date of payment to the date of settlement.*

*Mr M has explained that he had to chase these issues up for some time. He mentioned that this situation had an impact on him and had caused him a lot of distress and inconvenience while he was trying to resolve it. Mr M had to call for a recovery agent as well as he had to correspond and pursue a fair outcome with AF for some time. I think Mr M would not have experienced all of this, had AF supplied him with a car that was of a satisfactory quality. AF said they already credited Mr M's credit agreement with £200. However, I think AF should pay him a total of £250 compensation to reflect the impact this situation had on him. I think this is a reasonable amount as I am already saying that Mr M should be entitled to 10% of the hire purchase repayments for the reduced enjoyment and utility, even though he has done a significant number of miles in the car.*

*I think what I am proposing is fair and reasonable, especially given that Mr M could have mitigated his losses also by stopping to use the car instead of driving it and putting reasonable number of miles on it. Also, as Mr M has not been making payments towards the agreement, I think it is reasonable that the redress I am asking AF to pay, can be deducted from the arrears and does not need to be paid directly to Mr M.*

*In addition, AF have also told us that Mr M can retain the car on the premise that a suitable repayment arrangement is made for him to bring his arrears up to date. However, if repayment is not made, the account would be actioned accordingly and likely end in repossession. I do not think it is unreasonable for Mr M to agree a suitable repayment arrangement with AF to bring his arrears up to date, whether Mr M chooses to accept the decision and exercise his right to reject the car, or if he decides to keep it.*

*I think provided that Mr M agrees a suitable payment arrangement, and once he brings his arrears up to date, it would be fair and reasonable for AF to remove any adverse information recorded on the Mr M's credit file in relation to the finance agreement. If the finance agreement is ended, then the finance agreement should be marked as settled in full on his credit file, or something similar, and not show as voluntary termination.*

### **My provisional decision**

*For the reasons given above, I intend to uphold this complaint and direct Advantage Finance Ltd to:*

- *End Mr M's finance agreement and take the car back without charging for its collection;*
- *Refund the cost of the windscreen paid for by Mr M and add 8% simple interest per year to the refunded amount, from the date of payment to the date of settlement; This amount can be deducted from the arrears;*
- *Once Mr M agrees a suitable repayment arrangement and brings his arrears up to date, remove any adverse information recorded on the Mr M's credit file in relation to the finance agreement. If the finance agreement is ended, then the finance agreement should be marked as settled in full on his credit file, or something similar and not show as voluntary termination;*
- *Pay a total of £250 compensation for distress and inconvenience caused to Mr M. This is £50 in addition to the £200 already offered. It is reasonable for AF to deduct this from the arrears, and they do not need to pay this directly to Mr M.*

*If Advantage Finance Ltd considers that tax should be deducted from the interest element of my award, they should provide Mr M with a certificate showing how much they have taken off so he can reclaim that amount, if he 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 3 December 2025.

AF did not state if they do or do not accept my provisional decision.

Mr M 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, Mr M said that he is currently unemployed and expecting him to pay the arrears is simply not feasible. He again told us that his family heavily relies on the car, and without it, they will face significant hardship and further financial strain. He stressed that it is not fair to say that he has been driving the car for free, as that statement completely ignores the fact that he continued to make payments while the car was damaged. He feels the damage should have been addressed by AF, and the issue never should have been allowed to drag on for so long. He said, had the problem been properly dealt with in the first few months, he would have continued paying as normal. Also if he has to pay the arrears, he said, he will need to keep the car as it is essential for his family's daily needs and to prevent further hardship.

I've taken everything he has told us into consideration, but, like I said in my provisional decision, Mr M has been able to use the car and is still using it at the moment, putting large number of miles on the car. As such, I think it is reasonable he should pay for this use. I still

think it is reasonable that AF can keep all payments that were made plus they are entitled to all the payments that would be due under the finance agreement, up until the car gets collected. I still think Mr M should be entitled to 10% of the hire purchase repayments he has made since he first experienced the issues, which presented shortly after supply. So, I think it is reasonable that AF can keep all payments Mr M has made. In addition, I think it is reasonable that they are entitled to all the payments that would be due under the finance agreement up until the car gets collected, except for 10% of all these repayments.

Mr M has not made a full contractual payment to the agreement since 10 January 2024 whilst continuing to use the car with no limits, depreciating the value of a car allegedly not fit for purpose. As I explained before, if Mr M wants to VT, provided the agreement has not been terminated and the final instalment is not yet due, then he can still do so. He would owe the arrears, any other sums due before termination, and the amount required to reach the halfway point. If Mr M was unable to pay that straightaway due to affordability issues, I would expect that it would be considered reasonable for AF to discuss a suitable repayment plan with him.

I think what I proposed in my provisional decision is fair and reasonable, especially given that Mr M also could have mitigated his losses by stopping to use the car instead of driving it and putting reasonable number of miles on it. Also, as Mr M has not been making payments towards the agreement, I think it is reasonable that the redress I am asking AF to pay, can be deducted from the arrears and does not need to be paid directly to Mr M.

Plus, AF have also told us that Mr M can retain the car on the premise that a suitable repayment arrangement is made for him to bring his arrears up to date. However, if repayment is not made, the account would be actioned accordingly and likely end in repossession. I do not think it is unreasonable for Mr M to agree a suitable repayment arrangement with AF to bring his arrears up to date, whether Mr M chooses to accept the decision and exercise his right to reject the car, or if he decides to keep it.

I think, provided that Mr M agrees a suitable repayment arrangement, and once he brings his arrears up to date, it would be fair and reasonable for AF to remove any adverse information recorded on the Mr M's credit file in relation to the finance agreement. If the finance agreement is ended, then the finance agreement should be marked as settled in full on his credit file, or something similar, and not show as voluntary termination.

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 reached in my provisional decision.

### **My final decision**

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

- End Mr M's finance agreement and take the car back without charging for its collection;
- Refund the cost of the windscreen paid for by Mr M and add 8% simple interest per year to the refunded amount, from the date of payment to the date of settlement; This amount can be deducted from the arrears;
- Once Mr M agrees a suitable repayment arrangement and brings his arrears up to date, remove any adverse information recorded on the Mr M's credit file in relation to the finance agreement. If the finance agreement is ended, then the finance agreement should be marked as settled in full on his credit file, or something similar and not show as voluntary termination;

- Pay a total of £250 compensation for distress and inconvenience caused to Mr M. This is £50 in addition to the £200 already offered. It is reasonable for AF to deduct this from the arrears, and they do not need to pay this directly to Mr M.

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 13 January 2026.

Mike Kozbial  
**Ombudsman**