

## The complaint

Mrs C is unhappy that a car supplied to her under a hire purchase agreement with Honda Finance Europe Plc trading as Honda Financial Services was of an unsatisfactory quality.

Mrs C has been represented during the claim and complaint process by Mr C. For ease of reference, I will refer to any comments made, or any action taken, by either Mrs C or Mr C as “Mrs C” throughout the decision.

## What happened

In May 2024, Mrs C was supplied with a used car through a hire purchase agreement with Honda. She paid a deposit of £29,950.57 and the agreement was for £10,269.43 over 24 months; with 23 monthly payments of £473.63 and a final payment of £483.63. At the time of supply, the car was approaching one year old and had done 5,026 miles (according to the agreement).

Mrs C started to have electrical issues with the car, affecting the interior and exterior lights, in March 2025, and she contacted the supplying dealership. They were unable to identify any faults, and, in April 2025, the car was inspected by a manufacturer’s technician who was also unable to find any faults.

Mrs C asked to be able to reject the car, but Honda said they couldn’t consider this without evidence of a fault with the car that was present or developing when the car was supplied. Mrs C couldn’t provide this, so Honda didn’t uphold her complaint.

Unhappy with what’d happened, Mrs C brought her complaint to the Financial Ombudsman Service for investigation.

Our investigator thought there was likely an intermittent fault with the car, and call notes indicated this was the case. They didn’t think it was reasonable that a car of this age and mileage was suffering from multiple repeated electrical failures, and this made the car not of a satisfactory quality when it was supplied.

The investigator recommended that Mrs C should now be allowed to reject the car, with a refund of her deposit, a refund of the payments she’d made between 4 June and 4 July 2025 (when she didn’t have use of the car or a courtesy car), and a refund of 10% of the remaining payments made to reflect the impaired usage Mrs C had had. They also said that Honda should pay Mrs C £200 compensation for the impact of what happened.

Honda didn’t agree with the investigator. They said that, while they acknowledged there was a fault with the car, there is no evidence these faults are still ongoing after the last repair attempt by the dealership. They also said there was no evidence the faults with the car were present or developing at the point of supply and could’ve been caused by external factors – *“the fact the issues began after [a] very wet winter is unlikely to be a coincidence.”*

Honda also didn’t agree with repaying the payments for the period 4 June to 4 July 2025, as Mrs C was offered a courtesy car, but she declined it as she would need to pay extra to

insure Mr C as a driver – they didn't think they had any responsibility to provide a courtesy car to a third-party.

The investigator explained how Honda's comments didn't change their opinion. They said the dealerships own notes after the latest repair confirmed the issue was still present, so no successful repair was ever completed. They also said that Mrs C only refused the courtesy car as she was unable to collect it (due to work commitments) and Mr C was not allowed to collect it on her behalf.

Honda still didn't agree with the investigator's view, maintaining there was nothing to show the car was faulty when it was supplied. They also maintained that Mrs C had failed to provide any evidence of an ongoing issue.

Mrs C provided a video dated 3 November 2025 evidencing the ongoing faults with the car, which was forwarded to Honda. However, Honda said this didn't prove the faults were present or developing when the car was supplied to her. So, this matter has been passed to me to decide.

### **What I've decided – and why**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so, I've reached the same overall conclusions as the investigator, and for broadly the same reasons. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome. Where evidence has been incomplete or contradictory, I've reached my view on the balance of probabilities – what I think is most likely to have happened given the available evidence and wider circumstances.

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. Mrs C was supplied with a car under a hire purchase agreement. This is a regulated consumer credit agreement which means we're able to investigate complaints about it.

The Consumer Rights Act 2015 ('CRA') says, amongst other things, that the car should've been of a satisfactory quality when supplied. And if it wasn't, as the supplier of goods, Honda are responsible. What's satisfactory is determined by things such as what a reasonable person would consider satisfactory given the price, description, and other relevant circumstances. In a case like this, this would include things like the age and mileage at the time of sale, and the vehicle's history and its durability. Durability means that the components of the car must last a reasonable amount of time.

The CRA also implies that goods must conform to contract within the first six months. So, where a fault is identified within the first six months, it's assumed the fault was present when the car was supplied, unless Honda can show otherwise. So, if I thought the car was faulty when Mrs C took possession of it, or that the car wasn't sufficiently durable, and this made the car not of a satisfactory quality, it'd be fair and reasonable to ask Honda to put this right.

In this instance, it's not disputed there is an electrical issue with the car supplied to Mrs C, which is affecting both the interior and exterior lights. It's also not disputed that the car has been back for repair on several occasions, but there is clear evidence these faults still exist – the repair attempts have been unsuccessful. So, I don't need to consider this as part of my decision. What remains in dispute is whether this fault made the car of an unsatisfactory quality at the point of supply and what, if anything, Honda need to do to put things right.

In their email of 12 October 2025, Honda have referred to potential external factors that could've caused the issue with the car. They have said this maybe as a result of corroded connections, wiring or faulty relays, driving through flooding or large puddles, or spilling liquids within the car that caused damage to the wiring loom.

While I acknowledge this may be the case, had it been so I would've expected it to show and be identified by either the dealership or manufacturer's technician when the car was inspected. However, I've seen nothing to evidence this is the case. And, if Honda are maintaining the faults were caused by external factors, it's reasonable to expect them to provide something to show this. And they haven't.

Honda have also referred to the CRA, and the fact the fault occurred more than six months after the car was supplied to Mrs C. They say that, in this instance, the CRA implies it's for Mrs C to show the fault was present or developing at the point of supply, which she hasn't. I'm in agreement with Honda that this is what the CRA implies, but the CRA says the car must've been of a satisfactory quality when it was supplied. And the factors that imply satisfactory quality include durability.

The car was less than a year old when it was supplied to Mrs C, and it had done around 5,000 miles. When the faults with the car started to manifest, the car was around 18-months old, and it had done around 12,000 miles. Where no external factors are involved (which, as I've said above, there is nothing to show they were), I'm satisfied that no reasonable person would expect the electrical system to start failing on a car that was less than two years old, and that had done around 12,000 miles. So, given the absence of anything to the contrary, I'm satisfied the car supplied to Mrs C wasn't sufficiently durable, and this made it not of a satisfactory quality at the point of supply.

Given this, Honda need to do something to put things right.

### **Putting things right**

Section 24(5) of the CRA says "*a consumer who has ... the right to reject may only exercise [this] and may only do so in one of these situations – (a) after one repair or replacement, the goods do not conform to contract.*" This is known as the single chance of repair, and it applies to all issues with the goods, and to all repairs. What's more, if a different fault arises after a previous repair, even if those faults aren't related, the single chance of repair has already happened – it's not a single chance of repair per fault.

The CRA is clear that, if the single chance at repair fails, as was the case here, then Mrs C has the right of rejection. While Mrs C can agree to further repairs instead of rejection, at this point she doesn't want this. As such, I'm satisfied that Honda should allow Mrs C to be able to reject the car, with a refund of the deposit she paid.

Mrs C has been able to use the car while it's been in her possession. And, apart from the period from 4 June to 4 July 2025, while the car was in for inspection/repair, Mrs C was provided with a courtesy car to keep her mobile. Because of this, I think it's only fair that she pays for this usage.

However, given the issues with the car, I'm also satisfied that Mrs C's usage and enjoyment of the car has been impaired – due to the exterior lights not always working, this has limited the time period when the car can be safely used. Because of this, I also think it's fair that Honda refund some of the payments Mrs C made. And I think 10% of the payments made fairly reflects the impaired use caused by the car not being of a satisfactory quality.

Turning now to the period from 4 June to 4 July 2025, when Mrs C was without use of the car supplied by Honda, and without use of a courtesy car. So, during this period, Mrs C was paying for goods she was unable to use. There is some dispute as to why no courtesy car was provided for this period, with Mrs C saying that Mr C was unable to collect the car on her behalf, and Honda saying the courtesy car could've been delivered to Mrs C.

Having reviewed the correspondence on this matter, I haven't seen anything to show me that Mrs C refused the courtesy car for this period because she would have to pay extra to insure Mr C. What I have seen is an email from Mr C dated 28 March 2025, and an email from Honda dated 2 September 2025. Both of these refer to the need for both Mr and Mrs C to be present when the car is either collected or delivered. They also both refer to Mr and Mrs C being unable to do this due to work commitments and locations (Mrs C works in a school so her availability is limited to certain times, and Mr C works around 40 miles away).

Based on this, I'm satisfied that a courtesy car wasn't provided during this period, because it was logistically very difficult to do so. But this doesn't mean that Mrs C therefore wasn't paying for goods she was unable to use – she was. As such, I'm in agreement that Honda should refund the payments for this period.

Finally, I think Mrs C should be compensated for the distress and inconvenience she's been caused. But crucially, this compensation must be fair and reasonable to both parties, falling in line with our service's approach to awards of this nature, which is set out clearly on our website and so, is publicly available.

I note our investigator also recommended Honda pay Mrs C an additional £200, to recognise the distress and inconvenience caused, and in their email of 23 October 2025 Honda have said they would pay this. Having considered this recommendation, I also think this is a fair one that falls in line with our service's approach and what I would've directed, had it not already been put forward. So, this is a payment I'm directing Honda to make

Therefore, Honda should:

- end the agreement, ensuring Mrs C is not liable for any monthly payments after the point of collection (if any payments are made, these should be refunded);
- collect the car at no collection cost to Mrs C;
- remove any adverse entries relating to this agreement from Mrs C's credit file;
- refund the deposit Mrs C paid (if any part of this deposit is made up of funds paid through a dealer contribution, Honda is entitled to retain that proportion of the deposit);
- refund 100% of the payments for the period 4 June to 4 July 2025;
- refund 10% of the remaining payments made, due to Mrs C's impaired usage of the car;
- apply 8% simple yearly interest on the refunds, calculated from the date Mrs C made the payments to the date of the refund<sup>†</sup>; and
- pay Mrs C an additional £200 to compensate her for the trouble and inconvenience caused by being supplied with a car that wasn't of a satisfactory quality (Honda must pay this compensation within 28 days of the date on which we tell them Mrs C accepts my final decision. If they pay later than this date, Honda must also pay 8% simple yearly interest on the compensation from the deadline date for settlement to the date of payment<sup>†</sup>).

<sup>†</sup>If HM Revenue & Customs requires Honda to take off tax from this interest, Honda must give Mrs C a certificate showing how much tax they've taken off if she asks for one.

**My final decision**

For the reasons explained, I uphold Mrs C's complaint about Honda Finance Europe Plc trading as Honda Financial Services. And they are to follow my directions above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 3 March 2026.

Andrew Burford  
**Ombudsman**