

The complaint

Mr P complains about the quality of a car he acquired under a hire purchase agreement with FIRST RESPONSE FINANCE LIMITED (FRF).

When I refer to what Mr P and FRF said or did, it should also be taken to include things said or done on their behalf.

What happened

In March 2025, Mr P entered into a hire purchase agreement with FRF to acquire a used car first registered in May 2011. At the time of supply the car had travelled around 62,024 miles. The total cash price of the car was £7,499. The finance agreement consisted of 49 monthly repayments of £225.02.

Mr P said that the car was provided to him with defective tyres, for which the dealer later paid him £200, but he said the cost to have those fitted cost him another £40 out of his own money. Later, within weeks, the car exhibited severe mechanical issues, including injector failure and DSG clutch problems. Mr P said the supply dealer replaced injector four with a reconditioned unit rather than a new one but claimed all injectors had been removed, cleaned, recalibrated, and recoded.

Mr P obtained an independent diagnostic scan from a third-party garage that confirms there was a fault code P177C – DSG Clutch 2, which Mr P said presents a serious safety issue and will require replacement. This third-party garage confirmed that injector balance was fine, no injector fault, however the air-con system had a refrigerant pressure fault. Mr P said he paid £140 plus £60 for the two diagnostics of the car from two different third-party garages. The other diagnostic confirmed that the car needed a repair to the clutch which would cost £950, as the gearbox had to be taken out.

In addition, Mr P also said the dealer falsely claimed that the timing belt and water pump had been replaced. Mr P said that when he raised this with the supplying dealership, they provided the parts, but he had to pay £300 out of his pocket to get the work done. The work was completed by a third-party garage in May 2025, but as of mid-September 2025 the timing belt snapped, and the car was undrivable. Mr P said the third-party garage that installed the replacement timing belt before it snapped said that the part provided by the supplying dealership was of poor quality.

On 9 July 2025, FRF wrote to Mr P. In that correspondence they said that to investigate Mr P's concerns, they required evidence of the current faults. As such, the supplying dealership offered to inspect the car by themselves, or locally at third party-garage. However, they said Mr P did not agree and FRF said they also offered to get an independent inspection as a gesture of goodwill to obtain evidence of the car's condition, but this too was refused by Mr P. Unfortunately, they said, as Mr P had not accepted any of their support, they could not be forced to accept his demands by means of only allowing a specific main dealer to inspect the car. Based upon the above, they said they were unable to uphold his complaint.

On 21 July 2025, FRF wrote to Mr P regarding the issues he raised with the possible failure of the injector. FRF said the supplying dealership agreed to resolve the issues to the car. This was offered with no admission of liability, and before an investigation into Mr P's consumer rights had been completed. FRF said on 3 July 2025 the car was back in Mr P's possession and performing as expected.

Following the above two responses, FRF wrote again to Mr P on 8 September 2025. In that correspondence they addressed the issues Mr P had with the clutch and the air conditioning unit. FRF said they attempted to further investigate the fault codes in question but, despite continued efforts, they were unable to speak directly with the garage that provided the diagnostic. They said, they asked Mr P to request his garage to call them directly to further pursue the matter but, they said, Mr P did not agree to this. FRF explained that a diagnostic reading typically cannot be considered a fault because it is simply a snapshot of data, or a technical assessment of the car's current condition which can present historic data amongst active data. Therefore, it cannot be directly investigated or challenged as a fault in the same way a physical repair or a part can be. FRF said they, again, offered to arrange an independent engineering inspection to attend to the car so a comprehensive report and test could be done. However, Mr P repeatedly refused this offer. They said that they are willing to keep this offer open for the next 30 days if Mr P changes his mind.

Mr P remained unhappy with the above, so his complaint was considered by us, the Financial Ombudsman Service (Financial Ombudsman).

Our investigator looked at the complaint and upheld it. The investigator was of the opinion that the car was of unsatisfactory quality and Mr P should be entitled to reject the car. They explained what FRF should do to put things right.

FRF agreed with the investigator.

Mr P disagreed with the investigator, as he did not think the redress proposed was enough. As such, the complaint 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.

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 P acquired the car under a hire purchase agreement, which is a regulated consumer credit agreement. Our service can look at these sorts of agreements. FRF 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 P is unhappy about certain actions/inactions of the supply dealership/broker and for some of these FRF might be responsible for, such as for example what was said or done during the antecedent negotiations before Mr P entered into the finance agreement. However, I can only consider actions/inactions of FRF and only the aspects they are responsible for, and I cannot look at certain actions and/or inactions of the dealership/broker which Mr P 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 P with FRF, the ones they had an opportunity to address.

The Consumer Rights Act 2015 (CRA) covers agreements such as the one Mr P 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 P's case the car was almost 14 years old, with a cash price of approximately £7,499. As such, the car had travelled a reasonable distance and it is reasonable to expect there to be some wear to it as a result of this and its age, and I would have different expectations of it compared to a brand-new car. As with any car, 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. 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. As such, FRF would not be responsible for anything that was due to normal wear and tear whilst in Mr P's possession. However, given the age, mileage and price paid, I think it is fair to say that a reasonable person would not expect anything significant to be wrong shortly after it was acquired.

First, I considered if the car had faults, ones that would render it of unsatisfactory quality.

I can see from the evidence on file that, most likely, the car needed repairs to the clutch. There is not a lot of information regarding why the clutch failed and there could be many reasons for this fault. As such, I have not seen enough evidence to say that the clutch failure would make the car of unsatisfactory quality. I know that on a few occasions FRF tried to get an independent report, and things most likely could have been resolved sooner had Mr P allowed this. Also, Mr P said that the car was supplied with defective/unsafe tyres, and that the supplying dealer paid him £200 toward the replacement of tyres. Given that in the circumstances of this case I have not seen sufficient evidence to be able to say that, on balance, the tyres were not of safe standard or were defective at the point of supply. Hence, I do not think it would be fair and reasonable for FRF to pay Mr P the further £40 he claims he had to pay toward the tyres out of his own money.

From the evidence on file, I can see that the car also needed repairs to the injectors and that the timing belt had failed. The independent inspection that was completed on 9 November 2025, when the car had travelled around 65,948 miles (around 3,924 miles since supply) confirmed that the engine has suffered major mechanical failure due to a timing belt event. It went on to say that consequential internal engine damage (valves/pistons) should be assumed.

The matter of whether the car had a timing belt replaced before supply, and whether it had the timing belt, which was supplied by the dealership, replaced or properly installed by the third-party garage was discussed at length. Given that FRF is no longer disputing that the

car had faults that rendered the car of unsatisfactory quality and FRF have now accepted the investigator's findings, I do not think I need to go into great detail making a finding on whether the car was of satisfactory quality. As such, FRF accepted that Mr P can exercise his right to reject the car.

However, for completeness I will say that given the age, mileage of the car, and the price paid, combined with how quickly Mr P raised the issues with the injectors and the timing belt, I think, most likely, the car was of unsatisfactory quality when it was supplied to Mr P. I think it is fair to say that a reasonable person would not expect such significant issues and all these faults to arise so quickly after the car's supply. I have considered that any further repairs would cause further inconvenience to Mr P. In addition, the supplying dealership had one attempt at a repair. Given that this repair has now failed, I think it is only fair and reasonable that Mr P is able to exercise his right to reject the car. Hence there remains a question of how FRF should put things right for Mr P.

FRF should end the finance agreement and collect the car from wherever it is located without charging for the collection, if this has not yet been done.

Mr P has been able to use the car from March 2025 until mid-September 2025, except for the days when the car was being fixed. As such, I think it is reasonable he pays for this use. FRF can keep any payment Mr P was responsible for making up until he stopped using the car in mid-September 2025.

In addition, I think FRF should refund Mr P 10% of all payment he had made from March 2025 until mid-September 2025 when he stopped using the car. There is no perfect way to calculate the loss of use and the impaired use of the car. However, while the repairs were taking place, Mr P had no access to his car. Mr P had experienced issues from early on, and he was having issues all the way through until he stopped using the car in mid-September 2025 when the timing belt failed. Driving with the car with the above-mentioned faults would have taken away from the utility and enjoyment of the car. As such I think 10% is a fair amount to cover the loss of use and the impaired use of the car.

Also, Mr P had to pay £300 to have the timing belt work completed by the third-party garage after he was supplied the spare parts by the supplying dealership. As such, I think it is only fair and reasonable that FRF refund this cost to him, as he would not have incurred this cost had they supplied him with a car that was of satisfactory quality.

FRF should also add interest to the refunded amounts from the date of each payment until the date of settlement. Interest should be calculated at 8% simple per year.

Furthermore, any adverse information should be removed from Mr P's credit file. The credit agreement should be marked as settled in full on his credit file, or something similar, and should not show as a voluntary termination.

I think this matter caused Mr P a lot of distress and inconvenience when trying to resolve it and he told us that not having access to his car and dealing with these issues had a significant impact on his life and health. He had to take the car to get it repaired, and he spent a significant amount of time communicating with FRF while trying to get things resolved. I thought about the fact he would not have had to do all that if FRF supplied him with a car that was of satisfactory quality. However, I also considered that, had he allowed FRF to commission an independent inspection, like they offered on a few occasions, things could have been resolved much sooner. Bearing all the circumstances of this complaint, I think it is fair and reasonable for FRF to pay Mr P a total of £150 to reflect the distress and inconvenience caused – if this has not yet been paid.

Mr P also asked for other costs to be refunded. However, I do not think it would be fair and reasonable for FRF to be required to refund him the car insurance and road tax costs, as he was required to have these while he was using the car and even after mid-September 2025, he continued to benefit from protection against fire, theft, and other risks during that period. Also, I have not seen other evidence that would allow me to say that it would be fair and reasonable that he should be refunded these costs.

In addition, I do not think it would be fair and reasonable to ask FRF to refund Mr P for the two diagnostic reports that he had paid for. The reason I say this is because I do not think Mr P had done enough to mitigate his losses. On many occasions, FRF tried to reach a resolution by offering to commission an independent report, but Mr P kept refusing these offers. Moreover, the diagnostics he had provided were insufficient to evidence the root cause of the faults in question, even though FRF explained what would be required for the report.

I know Mr P also felt that the car was misrepresented to him. However, I do not think I need to go into detail on this. The reason I say this is that I do not think it would change the redress I am already proposing. Had I have been able to say that, based on the available evidence, the car was most likely misrepresented, I would still have arrived at the same redress. I would still be of the same opinion that Mr P is responsible for the monthly payments, as stated above, due the use he had of the car. Also, I think a higher refund would be disproportionate and unfair to FRF bearing in mind the circumstances of this complaint. When thinking about putting Mr P back in the position he would have been in, had he not been supplied with a car of unsatisfactory quality and had purchased a car with similar specifications, I believe most likely, he would have incurred similar payments during the period in question; And, except for the dates mentioned above, Mr P has been able to use the car and has done a reasonable number of miles in it – around 3,924 miles since its supply. As such, I think it is only fair and reasonable he pays for this use. In addition, I'm already saying that Mr P is not responsible for any contractual monthly payments when he had no use of the car, in addition to the 10% refund of the payments for loss of utility and impaired use of the car.

Mr P has told us a great deal about his personal circumstances, and while I sympathise with him for the difficulties that he is experiencing, based on all the information available in this case, I do not think there is sufficient evidence to say that, most likely, FRF needs to take any further action regarding this complaint except for what I stated above.

My final decision

For the reasons given above, I uphold this complaint and direct FIRST RESPONSE FINANCE LIMITED to:

1. End the finance agreement;
2. Collect the car from wherever it is located without charging for the collection;
3. Keep all monthly repayments that were due from supply date up until mid-September 2025 when Mr P stopped using the car. All other monthly repayments should be refunded;
4. Refund Mr P 10% of all payment he had made from March 2025 until mid-September 2025 when he stopped using the car;
5. Refund £300 Mr P paid to have the timing belt work completed by the third-party garage;
6. Add 8% simple interest per year to all refunded amounts, from the date of each payment to the date of settlement;
7. Pay Mr P £150 compensation for the distress and inconvenience caused.

If FIRST RESPONSE FINANCE LIMITED considers that tax should be deducted from the interest element of my award, they should provide Mr P 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 P to accept or reject my decision before 11 February 2026.

Mike Kozbial
Ombudsman