

The complaint

Mr B complains about the quality of a car he acquired under a hire purchase agreement with ZOPA BANK LIMITED (Zopa).

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

What happened

In October 2024, Mr B entered into a hire purchase agreement with Zopa to acquire a used car. The car was first registered in December 2017. At the time of acquisition, the car had travelled approximately 84,551 miles. The total cash price of the car was approximately £9,995. There was a deposit £1,000. There were 60 equal consecutive monthly repayments of £200.98 each.

Mr B said that in February 2025 he noticed a fault with the car losing a lot of water and oil being present in its tank. Also, Mr B said that the car was going into limp mode, and as a result it was returned to the supply dealership to carry out further investigations. However, no issues or faults were identified by the dealership on first inspection. Mr B said the car kept going into limp mode. Later, when the supplying dealership had the car again for an attempt at repair, they replaced the oil cooler, however Mr B was still experiencing the same faults. As such, he raised a complaint with Zopa.

In April 2025, Zopa responded to Mr B's complaint. In this correspondence they said, as part of their investigation, they instructed an independent inspection of the car. The inspection indicated that they carried out a four mile road test where the car performed and handled well, with no abnormal noise, loss of power, smoke emissions, or warning lamps experienced, and the report concluded that they could not find a fault with the car except for a glow plug system fault code. They said this was a defect that would not be considered to have been developing at time of supply. As such, Zopa said they could not uphold Mr B's complaint.

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

Our investigator considered Mr B's complaint. The investigator was of the opinion that Mr B was provided with a car that was not of satisfactory quality, and that Mr B should have been entitled to reject the car. As such, the investigator proposed what they deemed was a fair and reasonable redress.

Zopa did not accept the investigator's findings. 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, the law and, where appropriate, what would be considered good industry practice at the relevant time. Mr B acquired the car under a hire purchase agreement, which is a regulated consumer credit agreement. Our service can look at these sorts of agreements. Zopa 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 B is unhappy about certain actions/inactions of the supply dealership/broker and for some of these Zopa might be responsible for, such as for example what was said or done during the antecedent negotiations before Mr B entered the finance agreement. But I can only consider actions/inactions of Zopa and only the aspects they are responsible for, and I cannot look at certain actions and/or inactions of the dealership/broker which Mr B 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 B with Zopa, the ones they had an opportunity to address in their April 2025 correspondence.

The Consumer Rights Act 2015 (CRA) covers agreements such as the one Mr 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 Mr B's case the car was about seven years old, with a total cash price of £9,995. It had covered around 84,551 miles. As such, 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. Zopa would not be responsible for anything that was due to normal wear and tear whilst in Mr B'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.

Mr B thinks that he should have been entitled to reject the car.

The CRA sets out that Mr 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 he would

need to ask for the rejection within that time. Mr B would not be able to retrospectively exercise his short term right of rejection at a later date.

The CRA does say that Mr B 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.

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

Zopa has confirmed that in April 2025, the car had repairs done to the oil cooler which were authorised by the dealer/broker. Zopa also confirmed that, had the independent inspection confirmed these repairs as failed, they would have supported the car's rejection due to a failed repair. This means that, most likely, Zopa feel the repairs needed to stop the car going into limp mode would have rendered the car of unsatisfactory quality. As such, I have not spent a lot of time on whether the car was of unsatisfactory quality when it had the oil cooler replaced, as this does not seem to be in dispute. However, for completeness I will just say that this conclusion does not seem unreasonable considering the age, mileage, and the price of the car. I think, most likely, a reasonable person would not expect to have such significant issues arise and so soon after supply. I think a reasonable person would not expect to have issues with the car going into limp mode (which had a significant cost of repair) and to be adding water as often as Mr B had to, only after a few months of use and after having driven for around 5,000 miles. Overall, taking all the circumstances of this case, I think the issue with the car going into limp mode would render the car of unsatisfactory quality.

Mr B provided an invoice from July 2025 where a third-party garage did further repairs, as the replacement of the oil cooler never fixed the car going into limp mode. I think, based on the evidence on file, the car's issue going into limp mode was not fully repaired by the supplying dealership. It only fixed the oil cooler.

The third party-garage needed to do further flushes of the system, because oil residue was still present in the system and there was a further issue with the oil pressure control. As a result, the oil pressure switch assembly and the solenoid assembly needed to be replaced. Furthermore, I agree with the investigator that all the parts should have been replaced at the same time as the oil cooler, because the oil cooler replacement on its own did not fix the issue with the car. In addition, I do not think that the independent inspection, which concluded the car had no further faults regarding the car going into limp mode, was conclusive enough. I say this because their inspection was not done under workshop condition, and, in addition, another mechanic and the shop that replaced the switch assembly and the solenoid assembly both deemed that the car still had issues after the oil cooler was replaced by the supplying dealership. It was only after those repairs that the car finally stopped going into limp mode. As such, I think it is only fair and reasonable that Zopa is required to take further action regarding Mr B's complaint.

I think, had Mr B not sold the car, it would have been reasonable that he would be allowed to reject the car. This is because the supplying dealership already had an attempt at a repair and this repair did not fix the issue in question.

I know Mr B has also mentioned other faults and issues with the car, but I do not need to go into these details in this decision, as I have considered these would not make an impact on the redress I am proposing.

While the supplying dealership was repairing the car, Mr B was not kept mobile in a courtesy car. As such, Zopa should reimburse Mr B his monthly payments for any period that he was without the car.

When the car was returned to Mr B after the repair by the supplying dealership, there were still issues with it which have impacted Mr B's use of the car. When the car was returned to him, it had a mileage of around 90,327 miles. However, by the time it was repaired the mileage only increased to around 91,087. As such, I think Mr B's use of the car had been impacted, therefore it fair and reasonable that Zopa should refund Mr B a further 20% of his monthly payment from when the car had been returned to him up to the point the car had been repaired.

Mr B paid to have the car recovered to the dealership for the oil cooler repair. If this cost has not been refunded to Mr B already, then, I think, it is only fair and reasonable that Zopa should reimburse this cost to Mr B upon proof of payment, as he would not have incurred this expense had they supplied him with a car that was of satisfactory quality.

Zopa should reimburse Mr B with the full cost of the repair for the oil pressure switch assembly and the solenoid assembly as he would not have incurred these costs, had they supplied him with a car that was of satisfactory quality.

Zopa 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.

Any adverse information should be removed from Mr B's credit file, and 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 know that Mr B has mentioned the impact this situation had on him and that it had caused him a lot of distress and inconvenience while trying to resolve it. Mr B has explained, in great detail, how this has impacted his family life and how difficult it is to live without having access to a car, given the location of his residence. Also, he had to take the car to the garages and spend a significant amount of time trying to resolve this issue. I think Mr B would not have experienced all of this, had Zopa supplied him with a car that was of a satisfactory quality. I think Zopa should pay him a total of £350 in compensation to reflect the impact this situation had on him.

My final decision

For the reasons given above I direct ZOPA BANK LIMITED to:

1. Reimburse Mr B his monthly payments for any period that he was without the car while the car repairs were completed;
2. Refund Mr B a further 20% of his monthly payments from when the car had been returned to him, following the repair by the supplying dealership up to the point the car had been repaired;
3. Upon proof of payment, refund Mr B what he paid to get the car recovered to the dealership for the oil cooler repair;
4. Upon proof of payment refund Mr B the cost of the repair for the oil pressure switch assembly and the solenoid assembly;
5. Add 8% simple interest per year to all refunded amounts, from the date of each payment to the date of settlement;
6. Pay Mr B a total of £350 compensation for distress and inconvenience caused;

7. Remove any adverse information recorded on Mr B's credit file in relation to this credit agreement. The credit agreement should be marked as settled in full on his credit file, or something similar, and should not show as voluntary termination.

If ZOPA BANK LIMITED considers that tax should be deducted from the interest element of my award, they should provide Mr B 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 B to accept or reject my decision before 27 January 2026.

Mike Kozbial
Ombudsman