

The complaint

Mr J complains that a car supplied to him under a hire purchase agreement with Carmoola Limited (CL) was of unsatisfactory quality.

What happened

In November 2024, Mr J entered into a hire purchase agreement with CL to acquire a used car. The car was around five and a half years old, with a mileage of around 25,542. The cash price of the car was £17,365.00. The total amount payable on the agreement was £23,251.00, payable by 59 monthly payments of £387.00, followed by a final payment of £388.00.

Mr J explained that very early on into the agreement he had to keep topping up the coolant, although at this point he wasn't aware it could be an issue. Following this, the vehicle was mis-fuelled in January 2025, with a professional fuel draining service being used. Mr J explains the vehicle then carried on operating, until it wouldn't start in May 2025. The vehicle was recovered to a repairer, where a diagnostic was carried out suspecting piston ring damage with a new engine being required.

Following this, Mr J complained to CL, and an independent inspection was arranged. The inspector could not make a finding on the cause of the fault with the engine, and recommended further investigation by a specialist.

CL did not uphold Mr J's complaint. In its final response, CL stated as there was no evidence to prove the vehicle was of unsatisfactory quality at the point of sale, and what it did have suggested the mis-fuel could have caused the issues, it would not uphold the complaint.

Mr J was unhappy with the outcome and brought his complaint to this service where it was passed to one of our investigators. The investigator upheld the complaint. It was their opinion that the evidence does not prove the vehicle was of satisfactory quality when it was supplied, and that not enough had been done to show this. The investigator then updated their outcome with some hire car costs incurred by Mr J.

CL did not agree with the outcome, and as such I've been asked to review the complaint to make a final 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.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach my decision.

Mr J acquired a car under a hire purchase agreement. Entering into consumer credit contracts like this is a regulated activity, so I'm satisfied we can consider Mr J's complaint about CL. CL is also the supplier of the goods under this type of agreement meaning they are responsible for a complaint about the supply of the car and its quality.

The Consumer Rights Act 2015 (CRA) is relevant in this case. It says that under a contract to supply goods, there is an implied term that "the quality of the goods is satisfactory, fit for purpose and as described". To be considered as satisfactory, the CRA says the goods need to meet the standard that a reasonable person would consider satisfactory, considering any description of the goods, the price and all the other relevant circumstances. The CRA also says that durability can be an indicator of satisfactory quality.

So, it seems likely that in a case involving a car, the other relevant circumstances a court would consider might include things like the age and mileage at the time of sale and the vehicle's history.

In this case, Mr J acquired a car that was around five and a half years old and had travelled around 25,542 miles. As this was a used car with this mileage and age, it's reasonable to expect parts may already have suffered more wear and tear when compared to a new car or one that is less travelled. There's a greater risk this car might need repair and/or maintenance sooner than a car which wasn't as road-worn.

I've reviewed the available evidence about the issues Mr J experienced with the car. Based on what I've seen, I'm satisfied that there was a fault with the engine. I say this because neither CL nor Mr J dispute the engine has a fault and the independent inspection and repairer diagnostic suggest a fault is present. Having considered the car had faults, I've considered whether it was of satisfactory quality at the time of supply.

Having carefully examined all of the information, I'm persuaded that the vehicle has not proven to be of satisfactory quality when it was supplied. Due to the timing of the failure, the onus can be on CL to prove the vehicle was of satisfactory quality when it was supplied, and I haven't seen anything to persuade me it was.

I say this because an independent inspection was arranged, following a diagnostic stating there was an engine fault with piston rings suspected. The independent inspection comments on fault codes present after the mis-fuel incident, of which some are still present. However these are also commented on as likely not cleared from January 2025.

The inspector also states further investigation is required by a main dealer or specialist to determine the exact cause of failure. CL asked the inspector for further information and they explained a known cold-start issue that could impact vehicles like this one, and that they are unable to give a definitive conclusion as to the non-start issue.

CL believe the fault is most likely caused by the mis-fuelling in January. However I have nothing that proves this is the case. Mr J was able to use the vehicle for several more months after this without trouble, and I might expect to see the vehicle fail sooner if the mis-fuel was responsible.

The independent inspector recommended further investigation to determine the issues and causes, however this was not carried out by CL. As a result, having weighed up everything I do have, I have no information that persuades me the vehicle was of satisfactory quality when it was supplied.

Putting things right

As I've concluded that the car was not of satisfactory quality when it was supplied, I think it's reasonable that CL should put things right.

In this case, I do think rejection of the vehicle is a fair outcome. I say this because the agreement has been the subject of a voluntary termination, with the vehicle no longer available for repair and for the agreement to continue.

As such, CL will need to treat the agreement as ended, with nothing further to pay towards the agreement and reimburse Mr J's deposit payment. CL will need to ensure Mr J has not paid or has not been liable for any payments beyond May 2025 including any voluntary termination payments, when the vehicle became unusable. Mr J has incurred diagnostic costs and should be reimbursed for any evidenced diagnostic costs incurred as a result of the vehicle being of unsatisfactory quality.

Mr J also raised an issue around needing to hire a vehicle to stay mobile. Given what Mr J has explained around his mobility issues, I do think this was reasonable. CL should reimburse Mr J the difference between his evidenced hire car costs incurred whilst his vehicle was out of action and the monthly repayment on his agreement, without including the hire car upgrade fee that Mr J chose to pay. This has been documented as £472.50. The amount payable is dependent on the evidenced costs. This is fair as Mr J would be expected to pay something to stay mobile during this time.

I agree with the investigator that CL should pay Mr J an additional £150 for the distress and inconvenience caused. Mr J will have encountered stress and worry about the vehicle, and the financial situation behind it, alongside being chased for payments on a vehicle that wasn't of satisfactory quality, and it is fair that CL pay this amount to reflect this.

My final decision

For the reasons explained, my final decision is I uphold Mr J's complaint and instruct Carmoola Limited must follow my directions above to do the following:

- End the finance agreement as outlined above.
- Refund Mr J's deposit as outlined above.
- Refund or ensure Mr J is not liable for some payments made or due towards the agreement as outlined above.
- Reimburse evidenced diagnostic costs.
- Reimburse some hire car costs as outlined above.
- * Pay 8% simple yearly interest on all refunded amounts from the date of payment until the date of settlement;
- Pay Mr J an additional £150 for distress and inconvenience.
- Remove any incorrect adverse information from Mr J's credit file in relation to the agreement as it should be treated as a vehicle rejection.

*HM Revenue & Customs requires Carmoola Limited to deduct tax from the interest amount. Carmoola Limited should give Mr J a certificate showing how much tax it has deducted If he asks for one. Mr J can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 27 February 2026.

Jack Evans
Ombudsman