

The complaint

Mrs A complains about a car supplied to her using a conditional sale agreement taken out with Close Brothers Limited trading as Close Brothers Motor Finance ("Close Brothers"). Mrs A also believes there was a misrepresentation in relation to the servicing and MOT records for the car.

What happened

In December 2023, Mrs A acquired a used car using a conditional sale agreement with Close Brothers. The car was over eight years old, the cash price of the car recorded on the agreement was £8,700, the agreement was for 60 months, made up of 59 regular, monthly repayments of £199.93, followed by a final payment of £209.93. The advance payment recorded on the agreement was £870. The mileage recorded on the agreement for the car was 83,050 miles.

Mrs A said the car was advertised as having a valid 12-month MOT. Mrs A said a few months after being supplied the car, she realised it didn't have a valid MOT certificate. So, she took the car back to the dealership who had one completed on her behalf.

Mrs A also said the car was advertised as being sold with a full-service history, and that she was told one was completed to the car close to the point of supply. Mrs A said she later found out the car hadn't been serviced and so had one completed in May 2025, at a cost of around £185.

Mrs A also said she had to make urgent repairs to the car's brake pads and discs due to a MOT failure in February 2025, which cost her around £800. The car had been driven around 11,470 miles by this point.

Mrs A wanted to be reimbursed the cost of the service and for the finance agreement and market value of the car to be adjusted to reflect what she believed to be a misrepresentation in relation to the servicing of the car.

Close Brothers partially upheld Mrs A's complaint in May 2025. They agreed to reimburse Mrs A the amount she paid to have the car serviced and they also said they'll reimburse her £150 to reflect the reduced value of the car as it couldn't be evidenced the car had a full-service history.

Mrs A was unhappy with Close Brother's response and so referred her complaint to our service in May 2025.

Our investigator didn't uphold Mrs A's complaint and didn't think Close Brothers needed to do anything further as he thought their offer was enough in the circumstances.

Mrs A disagreed with the investigator's view. Among other things, Mrs A strongly believed a misrepresentation took place in relation to the car's servicing and MOT records. Mrs A also thought the reduction of £150 didn't reflect the market value difference between a car bought with a complete service history and one bought without.

As Mrs A disagreed with the investigator's outcome, the complaint was passed to me to decide.

I issued a provisional decision on 7 January 2026 where I explained why I intended to uphold Mrs A's complaint. In that decision I said:

"I'm aware I have summarised events and comments made by both parties very briefly, in less detail than has been provided, largely in my own words. No discourtesy is intended by this. In addition, if there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is a fair outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as an alternative to the courts.

Mrs A complains about a car supplied to her under a conditional sale agreement. Entering into consumer credit contracts such as this is a regulated activity, so I'm satisfied I can consider Mrs A's complaint about Close Brothers.

When considering what's fair and reasonable, I take into account relevant law and regulations. The Consumer Rights Act 2015 ("CRA") is relevant to this complaint. The CRA explains under a contract to supply goods, the supplier – Close Brothers here – has a responsibility to make sure goods are of satisfactory quality. Satisfactory quality is what a reasonable person would expect – taking into account any relevant factors.

I would consider relevant factors here, amongst others, to include the car's age, price, mileage and description. So, it's important to note that the car Mrs A acquired was used, over eight years old, had been driven around 83,000 miles and cost £8,700. I think a reasonable person would accept that it would not be in the same condition as a new car and was likely to have some parts that are worn.

What I need to consider is whether the car was of satisfactory quality when it was supplied. And in order to do that, I first need to consider whether the car developed a fault.

Had the car developed a fault?

Having seen the MOT history for the car, I can see that in February 2025, the car couldn't be driven until brake pads were replaced. This MOT took place over a year after the car was acquired, and after around 11,470 miles had been driven in the car. In the circumstances, I'm not satisfied that the brake pads needing replacing meant that the car had a fault. I say this because the car was used and brake pads are wear and tear items which would require replacing after some use.

Mrs A also says that there was a fault with the air conditioning system. A job sheet from May 2025 showed that the car needed a new compressor as it was damaged by a big crack. Mrs A said that it is estimated to cost around £1,000 for it to be repaired. So, I'm satisfied there is a fault with the air conditioning compressor in May 2025.

Was the car of satisfactory quality at the point of supply?

I now need to consider whether the fault with the air conditioning system meant the car was supplied to Mrs A of unsatisfactory quality. Given the time that has passed since Mrs A acquired the car, and from when the issue with the air conditioning system was identified, I'm not satisfied that the fault with it was present or developing at the point of supply. I say this because, had it been, I would have expected it to have failed much sooner than it had done or for Mrs A to have raised concerns about it much sooner.

A misrepresentation in relation to the servicing and MOT records of the car

Mrs A complains that the car was sold as having a full-service history, including a recent service completed on the car and that it was also sold with a valid 12-month MOT. I have carefully considered what Mrs A has told our service here, alongside what Close Brothers has said.

Alongside the CRA, which says that goods must match the description given, section 56 of the Consumer Credit Act 1974 ("S56") is relevant to this complaint. S56 explains that, under certain circumstances, a finance provider is liable for what was said by a credit broker or supplier before a credit agreement is entered into. I'm satisfied S56 applies here. So, I can consider what Mrs A says she was told about the car and finance by the dealer before she entered into the contract.

What I need to consider here is whether the car didn't meet a description or was misrepresented to Mrs A. A misrepresentation would have taken place if Mrs A was told a 'false statement of fact' about the car, and this induced her into entering into the contract to acquire it when she otherwise would not have.

From a copy of the advert I have seen of the car listed on a third-party website, it said the car came with a "full service history" and with 12 month MOT included. Also, from emails I have seen from Close Brothers, it appears that it can't be evidenced that the car was serviced and had a valid MOT, as advertised. So, considering the above, I'm satisfied that a false statement of fact was made in relation to the servicing and MOT.

However, I must also consider the second part of the test, which is whether the false statement of fact induced Mrs A into entering into the agreement when she otherwise would not have. I'm persuaded by what Mrs A has said in her testimony, and that she wouldn't have acquired the car if she had known it hadn't had a full service history. On balance, I think a misrepresentation took place and I'm satisfied that the car didn't match the description given.

Remedies under the CRA

One of the remedies under the CRA is a price reduction. Close Brothers reimbursed Mrs A the cost of a service and gave her £150 to reflect the reduced market value in the car. However, I'm not persuaded that a £150 reduction is a fair and reasonable amount. I say this because, no evidence has been supplied of any service being completed during its lifetime, other than the one that Mrs A had completed herself. And I don't think £150 reduction in the market value of the car fairly reflects the car being sold with a full-service history, and then what it would cost without one. I'm also mindful that no evidence has been supplied by Close Brothers to show how they made that calculation. And I think it would be difficult to calculate in a fair and reasonable way how much the market value would reduce by, had the car had been advertised and sold without a full-service history and MOT.

So, in the circumstances, I think a fairer way to resolve things here would be to allow Mrs A to reject the car and for Close Brothers to collect it at no further cost to her, along with reimbursing her the deposit she paid. As Mrs A has continued to have use of the car, I don't think Mrs A needs to be reimbursed monthly repayments she has made while she has been in possession of it.

Distress and inconvenience

Mrs A has explained the distress and inconvenience this complaint has caused her. I also appreciate it must have been distressing to have been driving a car which she believed to have a valid MOT, only to find out months later that it didn't have one. Considering the circumstances, I think it would be fair and reasonable that Close Brothers pay Mrs A £250 for the distress and inconvenience caused by this complaint.

I'm mindful that Close Brothers has already paid Mrs A £150 to reflect what they thought was a reduction in the market value of the car. But now that I will be asking Close Brothers to accept rejection of it, I think it is fair and reasonable that this £150 already paid is offset against what I will be asking Close Brothers to pay as a distress and inconvenience payment. So, in summary, I think it is fair and reasonable that Close Brothers pay Mrs A a further £100 to reflect the distress and inconvenience caused by this complaint."

I set out that I intended to uphold this complaint. And I gave both parties the opportunity to send me any further information or comments they wanted me to consider before I issued my final decision.

Responses to the provisional decision

Mrs A responded to my provisional decision and explained that rejecting the car and returning it would cause significant disruption. So, she put forward an alternative resolution, which was also sent to Close Brothers. Mrs A suggested that she retained the car and make a one-off payment of £2,500. In return she wanted the finance agreement to end, and no adverse information to be reported to her credit file. Mrs A explained that if this couldn't be agreed with Close Brothers, then she wished to proceed with what was set out in my provisional decision.

Close Brothers responded and said that they didn't accept Mrs A's alternative resolution as the remaining balance on the agreement was around £5,950.

Close Brothers also said that they accepted the car was misrepresented but didn't think a rejection of it was fair, but rather a price reduction was more appropriate. Close Brothers said the £150 figure they had reached to determine the difference in value of the car with or without a service history was from obtaining quotes from a third-party.

Close Brothers also believe the amount they had already paid to Mrs A was enough to reflect the distress and inconvenience caused.

As both parties responded to my provisional decision before the deadline set, I have gone on to reach my 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.

Having done so, I'm not persuaded to change my opinion from the provisional decision I made.

Close Brothers has supplied details to show that they completed a valuation on the car using a third-party site. I'm not persuaded that the valuation supplied by the third-party is reliable in determining the market value of the car. The third-party site's valuation is their buying price and doesn't necessarily reflect what value a car would sell at privately.

To my knowledge, no valuation tool or knowledge bank can reasonably calculate the market value of a car with or without a service history. And given the marked difference between the value Close Brothers has provided and what Mrs A thinks the difference should be, I think this demonstrates the difficulty in reaching a fair and reasonable figure here.

So, I still think a fairer and more reasonable way to resolve things is for Close Brothers to allow rejection of the car as I previously set out in my provisional decision.

I have also noted Close Brother's comments and why they think the £150 they have paid is enough to reflect the distress and inconvenience caused. However, I'm satisfied that a further payment of £100 more fairly reflects the distress and inconvenience caused. Whether it had been for some months or weeks that Mrs A was driving without a valid MOT, I still think it would have been distressing to find out what she did about the MOT.

My final decision

For the reasons I've explained, I uphold this complaint and I instruct Close Brothers Limited trading as Close Brothers Motor Finance to put things right by doing the following:

- End the agreement ensuring Mrs A is not liable for monthly rentals after the point of collection (it should refund any overpayment for these if applicable).
- Collect the car (if this has not been done already) without charging for collection.
- Refund Mrs A's advance payment towards the agreement of £870. *
- Pay Mrs A a further £100 to reflect the distress and inconvenience caused.
- Remove any adverse information from Mrs A's credit file in relation to the agreement, if any.

* These amounts should have 8% simple yearly interest added from the time of payment to the time of reimbursement. If Close Brothers considers that it's required by HM Revenue & Customs to withhold income tax from the interest, it should tell Mrs A how much it's taken off. It should also give Mrs A a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue and Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A to accept or reject my decision before 12 February 2026.

Ronesh Amin
Ombudsman