

## **The complaint**

Mr K has complained that a car he acquired using finance from MI Vehicle Finance Limited ('MIVF') had previously been sold through a salvage auction, and this hadn't been disclosed to him.

## **What happened**

Mr K entered into a finance agreement with MIVF for a used car. However, when he later decided to consider selling the car, towards the end of the agreement, he discovered it had a salvage marker. He's explained this wasn't disclosed to him at the point of supply, and that it has devalued the car.

Mr K complained to MIVF, and it accepted that the car had previously been sold through a salvage auction - which hadn't been realised at the time, but would have affected the car's value. So, it calculated what the impact would likely have been, using an industry standard pricing guide (known as 'CAP') to determine the car's value had it not been salvaged, and then taking advice from auction experts. This advice was that vehicles with a salvage history typically sell for 20-40% less than those without.

On this basis, and using the middle figure of 30%, MIVF calculated that Mr K's loss would likely be £3,000 at resale. It also acknowledged that the matter would have caused Mr K distress and inconvenience, and offered a further £200 in respect of this.

Mr K brought his complaint to our service, as he felt the offer didn't reflect the impact the situation has had on him, and feels he should be refunded the full value of the car.

One of our investigators looked into what had happened, but thought MIVF's offer was fair. As Mr K disagreed, his complaint's been passed to me.

## **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 know this will be disappointing for Mr K, but I'm not upholding it. I'll explain why.

Legislation makes a finance provider - here, MIVF - liable for things the dealership has said (or not said) prior to the finance agreement being entered into. In this case, Mr K wasn't made aware that the car had previously been salvaged. It looks as if this was likely due to a delay in the relevant database (known as the 'HPI' database) being updated, rather than any form of deliberate act on the part of the dealership. However, MIVF has rightly accepted responsibility, and tried to establish what Mr K's financial loss would likely be upon resale.

I explained above how MIVF did this calculation, and I'm satisfied it was a fair method. It relied on appropriate industry data and expert advice, and I think taking the mid-figure of 30% is fair. This is essentially an average, which seems reasonable as a predictor of potential loss. I also note that our service performed our own calculation, based on trade

guides, then factoring in the 30% reduction in value. Our resulting figure came out broadly in line with MIVF's offer (and in fact, was slightly below).

I'm aware that Mr K would like to be refunded the full original valuation of the car. But I don't think this would be fair. This is for two reasons. First, he's had full use of it for around four years, and he should reasonably be expected to pay for that. No issues have been reported, suggesting the car was repaired to a high standard. And second, the car is an asset with value. And, MIVF has reasonably calculated what the 'loss' in value would likely be, given the salvage history. So, I agree this figure represents a fair, estimated loss.

Finally, I've thought about the offer of £200 for the distress and inconvenience caused. I understand it would have come as a shock for Mr K to discover the car's history. And he'd have been concerned about financial loss at resale. So, I can see there has been trouble and upset. That said, I think £200 is fair, and in line with what I'd have awarded, had the offer not already been made. This is not an exact science, and I'm not underestimating the impact on Mr K, but I think £200 is a reasonable sum.

### **My final decision**

For the reasons given above, it's my final decision that the offer already made by MI Vehicle Finance Limited is fair. For the avoidance of doubt, this is £3,000 in respect of the car's value, and a further £200 for the distress and inconvenience caused – totalling £3,200. I leave it to Mr K to decide whether he'd like to accept it.

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

Elspeth Wood  
**Ombudsman**