

The complaint

Mrs H complains about a car supplied to her using a hire purchase agreement taken out with Marsh Finance Limited (“Marsh Finance”).

What happened

In September 2023, Mrs H acquired a used car using a hire purchase agreement with Marsh Finance. The car was over nine years old, its mileage was 60,215 miles, and its cash price was £10,140. The agreement was for 43 months, made up of 42 regular, monthly repayments of £279.76, followed by a final payment of £289.76, which included a £10 option to purchase fee. The advance payment recorded on the agreement was £1,300. The car had an automatic transmission.

Mrs H said that the car’s gearbox had been reconditioned in August 2023 as she had found an invoice suggesting so when she acquired the car.

In May 2024, after around 3,000 miles had been driven in the car by Mrs H, she said the gearbox failed. Mrs H said she complained to Marsh Finance and was told in May 2024 that she needed to give the garage that repaired the reconditioned gearbox in August 2023 the opportunity to put things right. So, she did so and believed the car was repaired.

Mrs H said that in May 2025, after around another 5,000 miles had been driven by her, the car displayed an error message on the car’s dashboard, and the car would judder and rev, but would not go through its gears correctly. Mrs H said she experienced the same thing when the gearbox failed in May 2024.

Mrs H complained to Marsh Finance, and she received a final response from them in June 2025. In summary, they didn’t think there was enough evidence to support that the current fault with the car was related to the previous gearbox repairs completed by the third-party garage.

Following the final response, Mrs H had a diagnostic check completed to the car which was shared with Marsh Finance.

Eventually, Mrs H referred her complaint to our service in September 2025 as she didn’t receive an update from Marsh Finance.

Our investigator issued his view, where he upheld Mrs H’s complaint as he didn’t think the car was reasonably durable, given the repairs that were carried out to the car before and during it being in her possession. He went on to explain to Marsh Finance what they needed to do to put things right.

Mrs H accepted the investigator’s outcome. Marsh Finance disagreed. Among other things, they didn’t think the current gearbox damage could be reliably linked to either the pre-sale repair or the May 2024 repair.

As Marsh Finance disagreed with the investigator’s findings, the complaint was 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.

Having done so, I'm upholding this complaint and I'll explain why below.

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 H complains about a car supplied to her under a hire purchase agreement. Entering into consumer credit contracts such as this is a regulated activity, so I'm satisfied I can consider Mrs H's complaint about Marsh Finance.

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 – Marsh Finance 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. It's important to point out in this case that the CRA specifically explains that the durability of goods can be considered part of whether they are unsatisfactory quality or not.

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 H acquired was used, over nine years old, had been driven around 60,215 miles and cost around £10,150. 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?

I don't think it is in dispute that there was a gearbox related fault to the car in May 2024. I say this because repairs were carried out to the car at the time and I don't think there would have been a need for works to be carried out to the car, if there hadn't of been a fault with it.

I'm satisfied the car had a further gearbox related fault which arose at around May 2025, when the car's mileage was approximately 68,303 miles, as this is when Mrs H complained to Marsh Finance. I have also noted that Mrs H had a diagnostic completed to the car in August 2025, where the mechanic found:

"... Clutches have broken apart & damaged the insides of the gearbox & jamming up the mechatronic unit. Gearbox requires full rebuild, replacing all damaged parts including clutches & mechatronic unit. Full rebuild costs £4800-00+vat"

Given the above, I'm satisfied that the car has a gearbox related fault.

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

What I now need to consider is whether the fault with the car was present or developing at the point of supply which meant it wasn't supplied to Mrs H of satisfactory quality. Or whether the fault meant the car wasn't reasonably durable.

I have seen a copy of the invoice for the works carried out to the car shortly before it was acquired. In summary, it showed that repairs were carried out to the car's gearbox and clutch assembly, when the car's mileage was 60,206 miles. The invoice was also evidence that the works carried out had a warranty period of 12,000 miles or 12 months.

After the car had been driven around a further 3,000 miles, the gearbox and/or clutch assembly seemed to have failed again in May 2024. Considering the fault presented itself shortly after the car was acquired and had occurred within around 3,000 miles of the car being acquired, I'm satisfied the fault was likely present or developing at the point of supply.

Then, in May 2025, further issues arose with the car's gearbox and clutch assembly, as evidenced by the diagnostic completed on the car in August 2025. This was when the car's lifetime mileage was around 68,317 miles – and within around 5,000 miles of the May 2024 repairs being carried out; and within around 8,000 miles of the car being acquired by Mrs H.

Given the car's gearbox and clutch assembly was reconditioned when it was supplied to Mrs H, I'm satisfied the car wasn't durable. I wouldn't expect there to be a need to repair the gearbox so early in the component's lifetime. And so, I'm satisfied a reasonable person would not consider it to have been of satisfactory quality when it was supplied to Mrs H.

Remedies under the CRA

I've gone on to think carefully about the remedies available to Mrs H under the CRA. I've also thought carefully about the time that has elapsed, and the opportunity Marsh Finance has had to resolve any issues with the car.

Section 24(5) of the CRA says:

“a consumer who has ... the right to reject may only exercise [this] and may only do so in one of these situations – (a) after one repair or replacement, the goods do not conform to contract.”

This is known as the single chance of repair. And this applies to all issues with the goods, and to all repairs i.e. it's not a single chance of repair for the dealership *and* a single chance of repair for Marsh Finance – the first attempted repair is the single chance at repair. What's more, if a different fault arises after a previous repair, even if those faults aren't related, the single chance of repair has already happened – it's not a single chance of repair per fault.

In this case, there was an attempt to repair the gearbox assembly in May 2024. But then the gearbox assembly failed again in May 2025. So, I'm satisfied Marsh Finance have already had the opportunity to repair the car and I think it failed or the car had an underlying fault that was never put right.

As I'm satisfied Mrs H has had one repair, and the car still has a fault, it follows that I think it is fair and reasonable for Mrs H to be allowed to now reject the car.

Other costs

I'm mindful that that car has not be used and has been undriveable since May 2025, due to the faults with it. In the circumstances, I think it would be fair and reasonable that Marsh

Finance refund Mrs H any monthly repayments she has made towards her agreement from this point up until when the agreement ends and the car is collected.

Mrs H also paid for a diagnostic check, which was completed on the car in August 2025 at a cost of £180. If Mrs H can provide Marsh Finance evidence that payment was made by her, then I think this amount should be reimbursed to her by Marsh Finance, given that the check showed the fault that was present on the car.

Distress and inconvenience

Mrs H has explained the impact this complaint has had on her. Considering everything here, I appreciate the inconvenience this complaint has caused her and the that she has suffered some minor distress because of it. In light of this, I think Marsh Finance should pay Mrs H £150 for the distress and inconvenience caused here.

My final decision

For the reasons I've explained, I uphold this complaint and I instruct Marsh Finance Limited to put things right by doing the following:

- End the agreement ensuring Mrs H 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 H's advance payment towards the agreement of £1,300. If any part of this advance payment was made up of funds through a dealer contribution, then Marsh Finance doesn't need to refund this amount. *
- Reimburse Mrs H a pro rata of her monthly repayments made from 29 May 2025 up to when the agreement ends and the car is collected. *
- Reimburse Mrs H £180, which is the cost of the diagnostic test completed on the car on 21 August 2025. This should be paid to Mrs H on production of evidence to Marsh Finance to show that payment was made by her. *
- Pay Mrs H £150 to reflect the distress and inconvenience caused.
- Remove any adverse information Mrs H'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 Marsh Finance considers that it's required by HM Revenue & Customs to withhold income tax from the interest, it should tell Mrs H how much it's taken off. It should also give Mrs H a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue and Customs if appropriate.

If Marsh Finance has already given compensation in relation to this specific complaint, the final amount should be less the amount already given.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 19 May 2026.

Ronesh Amin
Ombudsman