

The complaint

Mrs I complains about the quality of a vehicle she acquired through a hire purchase agreement financed by Tandem Motor Finance Limited (Tandem).

What happened

In June 2024 Mrs I acquired a used car through a hire purchase agreement. The car was around nine years old, and it had travelled about 82,000 miles at the time of supply.

Mrs I said that she noticed a thick smoke from the car the first time she used it and reported this to the supplying dealer. Mrs I said the dealer told her to bring the car in for an oil change in September 2024, and she attempted to contact them to arrange this, but received no response.

In September 2024 Mrs I said a light illuminated on the dashboard indicating that an inspection was needed, and she took the car to a third-party garage where the oil was replaced. The light came back on, and the garage told Mrs I that the oil level was correct, and no further action was needed.

In December 2024 the car broke down, with a low engine oil pressure warning, and was recovered to a third-party garage by Mrs I's warranty provider. Mrs I said she contacted the supplying dealer who said they wouldn't cover the cost of repairs, and so she complained to Tandem in December 2024 about the quality of the car.

The third-party garage completed a diesel particulate filter (DPF) regeneration and Mrs I paid £950 for their work.

Tandem arranged for an inspection of the car, which took place in January 2025. The engineer reported that the engine oil was in a deteriorated condition, there was a rattle or click from the gearbox which required further investigation, and the DPF may need cleaning. The engineer concluded that the recent oil change combined with the heavily deteriorated condition of the oil suggested that there was a pre-existing issue of leaking injector seals. They recommended that the engine be flushed and oil filter replaced, the engine sump and oil feed be removed and cleaned, replace the fuel injectors with modified seals and that the DPF be cleaned and regenerated. They said that given the timeline and nature of the issue, it was pre-existing when the car was supplied to Mrs I. The engineer commented that the issue was known and should have been addressed prior to the sale of the vehicle to Mrs I.

The engineer said the fault wasn't a failed repair as the work undertaken in December 2024 was merely the first stage of an industry standard protocol to try and resolve the issue Mrs I was having with the car.

Tandem sent Mrs I their final response to her complaint in March 2025. They said the supplying dealer had offered to investigate Mrs I's concerns, but she hadn't returned the car to them. They said they weren't responsible for the repair carried out in December 2024 as this was unauthorised, and they thought Mrs I had continued to use the car with a known issue until the breakdown in December 2024. They offered to cover the cost of a DPF clean

and asked Mrs I to provide a quote for this. They said they'd inspect the car once the DPF was cleaned to ascertain any further liability at that point. They also paid Mrs I £200 as a gesture of goodwill.

Mrs I said she accepted a resolution of £500 from the broker and £65 from Tandem to cover the cost of a DPF clean, on the basis that she'd been told the car would be reassessed a month later. This work was completed in March 2025.

Mrs I said she experienced excessive smoke from the exhaust again with visible oil leakage in June 2025, and returned the vehicle to a third party garage, who told her the issue was likely to keep reoccurring, and suggested another DPF clean, a replacement engine or selling the vehicle.

Mrs I said she contacted Tandem and the broker to reopen her case but was told the settlement was full and final. So, she sold the car and paid the remaining amount to settle the agreement with Tandem.

Mrs I brought her complaint to this service for investigation. She said, in summary, that the dealership knew about problems with the car before they sold it to her, and she would like the cost of repairs she'd paid for refunded, a refund for the amount she'd had to pay to end the agreement once the car had been sold, and compensation for the distress and inconvenience caused.

Our investigator gave their view that the car was of unsatisfactory quality at the time it was supplied to Mrs I, and ordinarily she should've been entitled to her final right to reject it. But because Mrs I had sold the car, they recommended that Tandem refund Mrs I for the balance she'd needed to pay to settle the agreement after the car had been sold, and refund Mrs I's deposit.

Our investigator also thought Mrs I had acted reasonably in paying for repairs to the vehicle, and so Tandem should refund the cost of these, and they said Mrs I had been unable to use the car fully for a period of time, so Tandem should refund two of Mrs I's normally monthly payments to reflect this, and pay her £250 compensation for the distress and inconvenience caused.

Tandem didn't respond to our investigator's recommendations, and so the case has been passed to me for a 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.

In considering what's fair and reasonable, I need to have regard to the relevant law and regulations. The agreement in this case is a regulated hire purchase agreement – so we can consider a complaint relating to it. Tandem as the supplier of the goods under this type of agreement is responsible for a complaint about their quality.

The Consumer Rights Act 2015 (CRA) is relevant to this complaint. It says that under a contract to supply goods, there is an implied term that the "quality of the goods is satisfactory"

To be considered "satisfactory" the goods would need to meet the standard that a reasonable person would consider satisfactory – taking into account any description of the goods, the price and other relevant factors. Those factors, in the case of a car purchase, will

include things like the age and mileage of the car at the time of sale, and the car's history. The quality of the goods includes their general condition and other things like their fitness for purpose, appearance and finish, safety and durability.

Here the car was acquired used with a cash price of around £8,500. It was about nine years old and had travelled around 82,000 miles at the time of supply.

When a person acquires a used car like Mrs I's, it's reasonable to say that the expectation of quality is lower than that of a new or lower mileage second-hand car. The price for the vehicle is lower, and this is reflective of the fact that the car is more road-worn. The chance of encountering an issue sooner, is higher.

Mrs I's car was inspected by an engineer, and that engineer has concluded that the issue was present and should've been addressed prior to the car being sold to Mrs I. Mrs I reported thick smoke from the car the first time she used it, and the engineer has said that there was likely a pre-existing issue of leaking injector seals. Whilst a car of this age and mileage may encounter an issue soon after being acquired, I don't think a reasonable person would expect a fault of such severity, that requires costly repairs and multiple diagnostics to resolve, and may require replacement injector seals, to be present upon acquiring the car. And so, I'm satisfied that the car was of unsatisfactory quality at the time it was supplied to Mrs I.

Putting things right

Having made that finding I need to decide what, if anything, Tandem should do to put things right.

The CRA sets out the remedies available where goods are considered not to be of satisfactory quality and one of the remedies is to allow an opportunity to repair the goods.

Mrs I undertook repairs in December 2024, and Tandem agreed to pay for further repairs in March 2025. So, I'm satisfied there has been an opportunity to repair the goods.

Mrs I said that further problems arose with the car in June 2025. I haven't seen any diagnostics or reports confirming these further problems. Mrs I reports that there was excessive smoke from the vehicle, and that she'd been told that there was visible oil leakage. I recognise that the work recommended by the engineer appointed by Tandem hadn't been carried out, and that Mrs I then went on to sell the car at a loss to herself. So, I'm persuaded, based on this evidence, that Mrs I's car remained faulty after the repair attempts, and so remained of unsatisfactory quality.

So, when Mrs I contacted Tandem about the reoccurrence of the fault in June 2025, I'm satisfied at that time that she was entitled to her final right to reject the car. Tandem chose not to reopen Mrs I's complaint at this time. But I think they should've collected the car, ended the agreement with nothing further for Mrs I to pay, and refunded Mrs I's deposit.

Mrs I has now sold the car and settled the agreement, so rejection is no longer possible. I must consider, therefore, that the car can no longer be returned to Tandem. So, they can't attempt to sell it themselves, or to recover any losses from any other party involved in the original sale, or to otherwise limit any shortfall.

I've thought about Mrs I's reasons for selling the car, and whether she's mitigated her losses in the circumstances.

I'm satisfied that Mrs I was experiencing serious problems with the car that meant she was unlikely to be able to drive it far, if at all, at the time that she sold it. The engineer that inspected Mrs I's car said that if the issue remained unresolved, it could prevent the car from remaining road legal or meeting minimum MOT standards. Had Mrs I retained the car whilst bringing her complaint to this service, I consider it's likely she would have faced significant additional costs in either securing other transport or repairing the vehicle in order to keep herself mobile. So, I'm satisfied that Mrs I sufficiently mitigated her losses in selling the car and ending the agreement when she did.

I haven't seen anything to suggest that Mrs I sold the car for anything less than what it would've been worth on the open market at the time, or that Tandem could've achieved a significantly better price had the car been returned to them. And so, I find that Tandem should refund Mrs I for the balance that she needed to pay to settle the agreement after selling the car. A total of £3,508.88, plus interest.

As I've set out above, Mrs I was entitled to her final right to reject the car at the point that she reported further faults to Tandem, and so they should also refund Mrs I's £1,000 deposit, plus interest.

I've seen evidence that Mrs I paid £950 for attempted repairs in December 2024. Tandem have said these were unauthorised and so they're not responsible for the costs.

Mrs I said she was told by the supplying dealership to contact her warranty provider and they wouldn't cover the cost of repairs. Tandem's contact notes support this.

Mrs I said that she did contact her warranty provider, but they weren't able to cover the cost of the repairs because the warranty didn't have an emissions add on.

The engineer that inspected Mrs I's car commented that the garage followed industry standard practice and completed the first steps to attempt to resolve the problem, and so the recurrence of the issue wasn't because of a failed repair.

All things considered, I'm satisfied that Mrs I acted reasonably in paying for these repairs. She'd received no assistance from the supplying dealership, and the warranty didn't cover the cost. I haven't seen any evidence that suggests that if Tandem had arranged for repairs, that they would've been any different to those that were completed. I'm satisfied that the repairs were required as a result of the car being of unsatisfactory quality when it was supplied, and so Tandem should refund Mrs I £950 for the cost of these repairs, plus 8% simple interest.

Our investigator recommended that Tandem refund Mrs I for two monthly payments due to reduced use of the car.

The car had travelled around 82,000 miles at the time of supply in June 2024, and when Mrs I sold the car in June 2025 the mileage was around 92,000. So, Mrs I was able to use the car to travel around 10,000 miles in a year. However, Mrs I travelled around 8,000 of these miles in the first seven months of having the car, so it's evident that her use of the car was impacted by the faults, as she was able to use it significantly less following the inspection in January 2025.

There were occasions when Mrs I was not kept mobile whilst repairs were carried out, and times when she used lifts from friends or taxis to enable her to keep mobile when Tandem were investigating the complaint, or when the car was unreliable.

So, I find that Tandem should refund Mrs I's normal monthly payments for January and February 2025 to reflect this loss of use, plus interest.

Mrs I has been put to distress and inconvenience in being supplied with a vehicle that wasn't of satisfactory quality. She's had to facilitate several trips to have the car inspected, diagnosed, and repaired. Our investigator recommended that Tandem pay Mrs I £250 compensation to reflect this. All things considered, I think £250 fairly reflects the distress and inconvenience caused to Mrs I.

My final decision

My final decision is that I uphold this complaint, and Tandem Motor Finance Limited must:

- Refund Mrs I £3,508.88 for the amount she paid to settle the agreement, plus 8% simple yearly interest from the date of payment to the date of refund
- Refund Mrs I's deposit of £1,000 plus 8% simple yearly interest from the date of payment to the date of refund
- Refund Mrs I £950 for repairs to the vehicle, plus 8% simple yearly interest from the date of payment to the date of refund
- Refund Mrs I's monthly payments for January and February 2025 to reflect the impaired use of the vehicle, plus 8% simple yearly interest from the date of payment to the date of refund
- Pay Mrs I £250 to reflect the distress and inconvenience caused

If Tandem considers that it's required by HM Revenue & Customs to withhold income tax from the interest part of my award, it should tell Mrs I how much it's taken off. It should also give Mrs I a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs I to accept or reject my decision before 25 March 2026.

Zoe Merriman
Ombudsman