

The complaint

Miss M complains about the quality of a vehicle that was supplied through a motor finance agreement with MotoNovo Finance Limited (MFL).

What happened

In January 2024, Miss M acquired a used car through a hire purchase agreement with MFL. The car was about four years old and had travelled 41,608 miles when it was supplied. The cash price of the car was £9,971. Miss M was due to make 59 monthly repayments of £225.02, followed by a final repayment of £226.02.

Miss M complains that the car's engine failed in May 2025, leaving her with a repair quote of £4,000 to £6,000. She said the engine failed despite regular servicing and after she had driven it about 14,000 miles. She also said the recovery agent observed a hole in the engine casing, which indicated the issue was not caused by any negligence on her part in topping up the oil.

Miss M arranged an independent inspection of the car, which she said confirmed the engine seizure.

Unhappy with the situation, Miss M brought her complaint to this service, where it was passed to one of our investigators to look into. Miss M said the situation has affected her health and has impacted her financially, as the car is undriveable.

In September 2025, MFL issued its final response to Miss M's complaint. In summary, it said an independent inspection completed in June 2025 concluded that the faults wouldn't have been present at the point of sale. MFL therefore didn't uphold the complaint.

In December 2025, the investigator issued their view and recommended that Miss M's complaint should be upheld. In summary, the investigator concluded the car wasn't durable and recommended supporting a rejection of the car because the repairs were disproportionate to its value. The investigator also said MFL should reimburse Miss M for the cost of the inspection and pay her £250 in compensation for the distress and inconvenience caused.

Miss M accepted the investigator's recommendation. MFL didn't, and asked that the complaint be referred to an ombudsman for a final decision. MFL added that:

- the car was four years old at supply and had already covered 42,000 miles
- a reasonable person would expect some wear and tear and the possibility of repairs as the vehicle ages
- the inspection report indicated the failure was due to deterioration rather than a manufacturing defect or pre-existing fault
- durability does not mean fault-free operation for an indefinite period

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 is fair and reasonable, I've thought about all the evidence and information provided afresh and the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider to have been good industry practice at the relevant time.

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 what I think is the right outcome.

Miss M complains about a hire purchase agreement. Entering into consumer credit contracts like this is a regulated activity, so I'm satisfied we can consider Miss M's complaint about MFL. MFL is also the supplier of the goods under this agreement, and is responsible for a complaint about their 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 explains the durability of goods is part 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.

Here, Miss M acquired a used car which had covered 41,000 miles and which cost around £9,971 so, I think a reasonable person would not have the same expectation of quality in comparison to a newer model, which had less mileage. But I still think they would expect the car to be free from any major defects and would expect trouble free motoring for both some time and distance.

From the information provided I'm satisfied there's a fault with the car's engine. Neither party has disputed this, however the independent inspection report confirmed the engine was in a seized condition. Having established the car had a fault, I've considered whether it was of satisfactory quality at the time of supply.

Satisfactory quality

I've considered that the engine failed after Miss M had completed around 13,000 miles. Miss M said the recovery agent and the garage preparing a quotation advised a hole in the engine block may have caused the issue. The independent inspection report advised the vehicle had been subject to significant engine damage, but that further investigation would be needed to ascertain the root cause.

Research suggests a hole in the engine block would likely be caused as a result of the destruction of internal engine components forcing themselves through the casing by immense pressure. Although this has not been confirmed, Miss M said she was advised this

was the case and it supports the findings of the inspection report which said there was significant engine damage.

Miss M was able to demonstrate the car was service during her ownership and previously, so a lack of maintenance would be unlikely to have caused the engine failure.

The inspection report concluded that there was no evidence to say the issue was present at the point of supply and that it was likely due to deterioration. I don't dispute their findings. I also acknowledge the car was acquired with around 42,000 miles, although this amount isn't necessarily significant on a four-year-old vehicle.

Miss M had covered around 13,000 miles in around 16 months; I don't think this is excessive given the duration of usage. All things considered, I've seen no evidence that Miss M has contributed to the engine's failure for example through an unusual driving style or through lack of maintenance.

The CRA says the quality of the goods includes their general state and condition and other things like their fitness for purpose, appearance and finish, freedom from minor defects, safety, and durability can be aspects of the quality of goods. From the evidence provided I think it's fair to conclude that Miss M's car was not suitably durable because it suffered catastrophic engine failure after 55,000 miles as the result of an undetermined failure that should not reasonably have failed at that mileage. I acknowledge the inspection report concluded deterioration was a probable cause, however, I do not think a reasonable person would expect to have to replace the engine on a car of this age and mileage, so I do not consider the car was of satisfactory quality at the point it was supplied.

Putting things right

As I've concluded that the car was not of satisfactory quality at the point it was supplied, MFL will have to put things right.

Miss M provided a quotation for repairs that exceeded the car's cash price when she acquired it. So, I'm not persuaded it's proportionate to instruct MFL to arrange the repair. Instead, I'm satisfied that the fairest resolution is for MFL to facilitate a rejection of the car.

MFL should end the agreement and arrange to collect the car. They should refund Miss M's monthly repayments from the date the car broke down on 30 May 2025 to the date of settlement, as she hasn't been able to use the car and wasn't provided with a courtesy vehicle. MFL should also reimburse Miss M for the cost of the independent inspection report, as this evidenced that the engine had failed.

Miss M also described the impact of having to arrange alternative transport and the effect the situation has had on her health. So, I agree with the investigator that £250 is a fair recognition of the distress and inconvenience caused.

My final decision

Having thought about everything above along with what is fair and reasonable in the circumstances I uphold this complaint and instruct MotoNovo Finance Limited to:

- collect the car, ensuring Miss M is not charged for any related collection fees
- end the agreement and remove it from Miss M's credit file
- refund to Miss M her monthly repayments made from the date of engine failure (30 May 2025) to settlement
- upon proof of payment, reimburse Miss M £280 for the cost of the independent

inspection report

- pay Miss M £250 in compensation for the distress and inconvenience caused
- remove any adverse information that may have been recorded with the credit reference agencies in respect of the agreement

MotoNovo Finance Limited should pay 8% yearly simple interest on all refunds calculated from the date of payment to the date of settlement.

If MotoNovo Finance Limited considers that it's required by HM Revenue & Customs to withhold income tax from the interest part of my award, it should tell Miss M how much it's taken off. It should also give Miss M 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 Miss M to accept or reject my decision before 10 April 2026.

Benjamin John
Ombudsman