

The complaint

Mrs B complains that a car supplied to her under a hire purchase agreement with FIRST RESPONSE FINANCE LIMITED (First Response) was of an unsatisfactory quality.

Reference to Mrs B and First Response include their representatives.

What happened

I issued a provisional decision setting out what I thought about Mrs B's complaint. I've copied the relevant parts of that provisional decision below – and they form part of this final decision.

“In October 2024, Mrs B was supplied with a used car through a hire purchase agreement with First Response. The cash price of the car was £7,639. She paid a deposit of £729, and the agreement was for £6,910; to be repaid over 49 monthly payments of £219.68. At the point of supply, the car was around 11 years old and had travelled around 86,410 miles.

Soon after the car was supplied, Mrs B says she had trouble starting it. Around six weeks later, the car failed to start entirely and had to be recovered to a local garage. The garage found a voltage issue and replaced the battery. This was unsuccessful, and they concluded that a specialist diagnosis and repair was required.

The car was returned to the dealership in December 2024 for further investigation and repair. Mrs B later said she could no longer afford to be without the car as she needed it for work. She said she was renting a car in the meantime, but this was having a significant financial impact. She asked about the possibility of rejecting the car instead of waiting for the dealership to repair it. Around the same time, the dealership provided Mrs B with a courtesy car.

By January 2025, the relationship between Mrs B and the dealership had broken down – for various reasons outside the scope of this decision. The result of this was that the dealership asked Mrs B to return the courtesy car. This was partially because Mrs B had crashed the car and damaged it. Mrs B reiterated her preference to reject the car – and she couldn't return the courtesy car as she was unwell.

The dealership wrote to Mrs B saying it would look to unwind the agreement if she returned the courtesy car – but she'd need to pay for her usage, a cancellation fee and a £500 excess for the damage she'd caused. Mrs B said she'd prefer to offset those costs against the repair and hire car costs she'd incurred. The following day, the dealership wrote to Mrs B and said her car was now repaired and could be collected.

Soon after, Mrs B returned the courtesy car to the dealership. She said no one was there to discuss unwinding the agreement – so she arranged to transfer ownership of the car back to the dealership. She said as far as she was concerned the car was no longer hers after that point.

First Response wrote to Mrs B and said there were no grounds to reject the car – as the

dealership had repaired it. It said any offer from the dealership to 'unwind' the agreement was a separate process. It said the dealership had agreed to give her the following options:

- The dealership buys back the car and partially settles the agreement, leaving a balance of £1,211.93 for her to pay.
- Mrs B collects the car and continues the agreement.

It said if it didn't hear from Mrs B within 14 days it would consider the car abandoned. Mrs B remained of the opinion that the car should be rejected. When she didn't choose either of the options it presented, First Response said it considered the car abandoned and arranged to sell it at auction - using proceeds from the sale to reduce the balance owed. Mrs B later arranged to pay the remaining balance to settle the agreement.

The complaint was referred to this service. Mrs B said the car wasn't fit for purpose – and felt she should have been allowed to reject it when she originally asked to. One of our Investigators considered the complaint but didn't uphold it. They were satisfied that – even if the car wasn't of a satisfactory quality – First Response had provided a suitable remedy by arranging to repair it. Mrs B didn't agree. To briefly summarise, she said:

- She arranged for the car to be repaired by a local garage on the dealership's instruction. This should therefore have been treated as First Response's single chance to repair, and under the Consumer Rights Act 2015 (CRA) she should have been allowed to reject it at that stage.
- The dealership agreed to unwind the agreement on more than one occasion – which First Response should have honoured. She returned the courtesy car as instructed – and assumed the agreement would be unwound as promised.
- She'd spent more than £1,000 on repairs and alternative transport – and had lost income. All of these costs were a direct result of the car being of an unsatisfactory quality.
- She's seen no evidence of any repairs carried out by the dealership.
- The sale of the car left nearly £6,000 for Mrs B to pay (including interest) for an agreement she was no longer benefiting from.
- The timeline of events caused significant confusion. Mrs B was passed between First Response and the dealership and given no clear direction on how to resolve things.

Our Investigator wasn't persuaded to change their view, so Mrs B asked that the complaint be referred to an Ombudsman for a final decision.

The complaint was later reconsidered by another Investigator, who recommended that First Response reimburse the transport costs incurred by Mrs B before she was provided with a courtesy car. Neither First Response nor Mrs B accepted this recommendation. First Response said Mrs B wasn't making payments under the agreement at the time – and it had arranged to settle the costs of the damaged courtesy car and storage fees with the dealership. Mrs B reiterated her concerns surrounding the repairs and the dealership's failure to unwind the agreement. Because the matter couldn't be resolved, the complaint has been passed to me to decide.

What I've provisionally 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 recognise I've summarised Mrs B's complaint in significantly less detail than she has. I'd like to assure both parties that I've read and considered all of the information provided. If I haven't commented on any specific point it's not because I didn't consider it, but because I don't believe it's affected what I think is a fair and reasonable outcome. This is in line with the informal nature of my role and isn't intended as a discourtesy to either party. Where evidence has been incomplete or contradictory, I've reached my decision on the balance of probabilities – what I think is more likely than not to have happened given the available evidence and wider circumstances.

In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and (if appropriate) what I consider was good industry practice at the time. Mrs B was supplied with a car under a hire purchase agreement. This is a regulated consumer credit agreement which means I can consider a complaint about it.

The CRA covers agreements such as the one Mrs B entered into. Under this agreement, there is an implied term that the goods supplied will be of satisfactory quality. The CRA says that goods will be considered of satisfactory quality where they meet the standard that a reasonable person would consider satisfactory – taking into account the description of the goods, the price paid, and other relevant circumstances. I think in this case those relevant circumstances include, but are not limited to, the age and mileage of the car and the cash price. The CRA says the quality of the goods includes their general state and condition, as well as other things like their fitness for purpose, appearance and finish, freedom from minor defects, safety, and durability.

So, if I thought the car was faulty when Mrs B took possession of it, or that the car wasn't sufficiently durable, and this made the car not of a satisfactory quality, it'd be fair and reasonable to ask First Response to put this right.

In this case, the car was around 11 years old and had travelled over 86,000 miles. I think a reasonable person would expect a car of this age and mileage to have significantly more wear and tear – and need some level of repairs and maintenance sooner – than a newer one would. But they wouldn't expect the car to be supplied with any significant faults.

It's clear there's been significant confusion and miscommunication between Mrs B, First Response and the dealership. Mrs B has also raised several concerns about the conduct of the dealership. In this decision, I've only considered First Response's actions and obligations. The dealership is a separate entity – and I can't hold First Response liable for their actions. The exception to this is if the dealership acted as First Response's agent – for example, when arranging to repair a fault.

It doesn't appear to be disputed that the car had a fault at the point of supply. The car failed to start within six weeks of supply due to a voltage problem and needed a replacement battery. Under the CRA, faults that occur within six months are assumed to have been present at the point of supply – unless there's evidence to suggest otherwise. I haven't seen anything to persuade me that the electrical problems developed after the point of supply. And I don't think a reasonable person would expect a car to suffer a significant electrical failure within six weeks of supply. So, I'm satisfied the car wasn't of a satisfactory quality when supplied to Mrs B. I've gone on to consider the remedies available to Mrs B and First Response's actions.

The repairs

Under the CRA, a consumer has the right to reject a car of unsatisfactory quality within the first 30 days from the point of supply. After the first 30 days, a consumer only has the right to

reject a car if – after one repair or replacement – the goods still don't confirm to contract. This is known as the single chance of repair. And this applies to all issues with the goods, and to all repairs. The CRA is clear that, if the single chance at repair fails, then the customer has the right of rejection. In this case, Mrs B reported the fault around six weeks after the point of supply – so would only have the right to reject the car if the first attempt to repair it failed.

Mrs B says, in summary, that there had already been a failed repair attempt when the dealership started work on the car – so she ought to have been allowed to reject the car at that point.

The first repair was arranged by Mrs B – and included an attempted diagnosis of the fault and fitting a replacement battery - which was ultimately unsuccessful. Mrs B says this repair was instructed and authorised by the dealership. She's provided emails from the dealership after initially reporting the fault, suggesting that she arrange a repair with a local garage through her warranty provider - and they'd be happy to look at the car if those repairs weren't successful. While the first repair wasn't carried out or specifically instructed by the dealership, I'm satisfied they were made aware of the problem and were happy for Mrs B to arrange a repair locally rather than carry one out themselves. The dealership could have stepped in at that point to arrange a repair but chose not to. On this basis, I'm satisfied the repair attempted by Mrs B's garage was the first chance of repair.

But my considerations of the complaint don't end there. A customer isn't required to reject a car after the first repair – and they can instead agree other remedies including further repairs. I haven't seen the communications between Mrs B and the dealership regarding the arrangement of a second repair. But Mrs B sent First Response an email on 9 December 2024 stating:

"It was only on Friday 6/12/24 that I reached some kind of agreement with the seller to take the car and check if he is able to repair it (...)"

This was the first time First Response was made aware of the problem – and from this it appears Mrs B asked the dealership to carry out a further repair. She didn't ask to reject the car at this time, and the first time she told First Response that her preference was to exit the agreement was on 17 December 2024 – nearly two weeks after the dealership had agreed to a further repair. Based on this, I'm satisfied Mrs B's preference at the time was to have the car repaired – and it was only later on that she decided she no longer wanted it. I don't think it would be reasonable to say First Response should have allowed Mrs B to reject the car after the dealership had already started repairs at her request. While I appreciate Mrs B was concerned about how long the process was taking and the costs she was bearing, this was remedied soon after with the provision of a courtesy car.

There's something else. In its communications with First Response, the dealership suggested the further repairs weren't required due to a fault present at the point of supply – but were instead a result of an error made by the first repairing garage. I asked First Response for further information about this, and it provided the following comments from the dealership:

"So the issue with the vehicle was that the key wouldn't start the car, we were told that she had the battery replaced by another garage, when the vehicle came to us the car would not start or turn over, from the knowledge of our technicians they immediately stated that the key had become unimmobilized, so we had our key man out to the vehicle.

He confirmed that the key had been left in the ignition while the battery was disconnected, (we can only assume while await(ing) a new battery to come into stock), and because they

have left the key in the ignition while the battery was disconnected this has caused the key to become unimmobilized, so the key man coded the key back to the car.

This was problem solved and vehicle as it should, the issue was caused by either the customer or the garage replacing the battery."

As the car has since been sold, it's no longer possible to inspect it. So, I've considered what's more likely than not to have happened on the balance of probabilities. I find the dealership's conclusions plausible – and consistent with the actions taken by Mrs B's garage. The car was with the garage for more than a week, during which time the battery was removed – and after the new one was fitted the garage wasn't able to successfully diagnose why the car still wouldn't start. I find it unlikely the dealership would claim to have carried out a simple key reprogramming if a more complex repair was required. Considering the comments provided by the dealership and Mrs B's garage, I'm satisfied – on balance - the second repair wasn't necessary because the car itself still had a fault, but because the key needed to be reprogrammed following the first repair. In any case, the dealership effectively accepted responsibility for this by agreeing to the second repair.

Mrs B says she hasn't seen evidence to show the car was actually repaired - and when she went to the dealership to return the courtesy car, no one was present to show her the repaired car. But Mrs B made clear to both the dealership and First Response that she had no intention of taking the car back and that she considered the agreement to be ended. Although she wasn't shown the car when she attended the dealership, it remained at the dealership's premises for at least a month after that. So, I'm satisfied Mrs B had a reasonable opportunity to take back or inspect the car if she wanted to. I haven't seen any evidence to suggest the repairs carried out by the dealership weren't successful. I also note that the car was sold at auction for around £3,758. I find it unlikely this sale price would've been achieved if the car still had a fault that rendered it undrivable.

So, although I'm satisfied the car wasn't of a satisfactory quality at the point of supply, I think the problem was appropriately remedied by the dealership's repair. It follows that I don't find First Response ought to have allowed Mrs B to reject the car.

Sale of the car

In its response to Mrs B's complaint, First Response set out the options available to her – continue the agreement or accept the dealership's offer to buy the car back. It made clear if Mrs B didn't choose either option, it would consider the car abandoned. I appreciate Mrs B initially responded saying she still wanted to reject the car – but for the reasons I've explained, I don't think rejection was an appropriate remedy in the circumstances.

I understand there was some confusion here, as the dealership had previously suggested it would 'unwind' the agreement upon return of the courtesy car. But I'm satisfied this was effectively an offer for the dealership to buy the car back – and not the car being formally rejected under the CRA. And, as I've explained, I can't fairly hold First Response liable for any confusion or miscommunication caused by the dealership surrounding this point. I'm satisfied First Response clearly explained the options available to Mrs B in its response to her complaint.

Because Mrs B didn't choose either option, First Response said it intended to recover and sell the car. Mrs B didn't get in touch again until March 2025 – as she was out of the country. By that time the car had been recovered and was due to be sold. Selling the car reduced the balance owed by Mrs B. As she'd effectively abandoned it, I don't think there was any benefit to delaying matters at that stage. I can also see First Response told Mrs B on at least one occasion she had the option to voluntarily terminate the agreement instead – but she chose

not to. I understand Mrs B feels the decision to sell the car put her at a disadvantage – but I'm satisfied First Response gave her a reasonable opportunity to consider her options before doing this.

Other considerations

Mrs B has provided evidence of costs she incurred when first attempting to diagnose and repair the car – coming to £504. As the repairs weren't successful, the costs were declined by Mrs B's warranty provider. As the car wasn't of a satisfactory quality when supplied – and these works were carried out in lieu of the dealership taking the car for repair – I think it's fair that First Response reimburse these costs.

It's not disputed that Mrs B was unable to use the car between 30 November 2024 and 16 January 2025. While I've concluded some of this period was likely due to the key needing re-programming, this still occurred in connection with the original fault, and First Response effectively took responsibility for it when the dealership agreed to a further repair. The dealership provided Mrs B with a courtesy car at some point a few weeks after it started repairs – but hasn't been able to confirm an exact date. In some cases, I'd expect a business to reimburse any payments made under the agreement while the consumer isn't kept mobile. In this case, Mrs B has provided bank statements, showing a total expenditure of £444.13 for taxis and hire cars during the period from 2 December 2024 to 21 December 2024 – which exceeds the amount due under the agreement during that time. This period is roughly in line with when the dealership says it provided a courtesy car. As Mrs B needed a car for work, I don't find it unreasonable that she incurred these costs, and I find it fair that First Response reimburse them instead of the amount paid under the agreement.

Mrs B says she lost income as a result of being without a car – as she was unable to work. She's provided a written statement that she couldn't work for a combined total of eight hours – causing an estimated loss of £144. While I've considered this, I haven't seen evidence of lost jobs or contracts Mrs B wasn't able to fulfil as a result of the situation. So, I'm not persuaded First Response needs to reimburse the amount Mrs B has requested.

First Response has objected to covering any of Mrs B's costs as she wasn't making the required payments under the agreement at the time. While this may be the case, Mrs B cleared the arrears in March 2025 and has since settled the agreement in full – so I don't find First Response has incurred any loss due to the non-payment. It also notes that Mrs B damaged the courtesy car and never paid the excess or subsequent storage costs. But as First Response has previously noted, this was a separate arrangement between Mrs B and the dealership. First Response says it reached an arrangement whereby the dealership didn't pursue Mrs B for these costs – and the costs themselves weren't paid by either party. While this was undoubtedly to Mrs B's benefit, it doesn't change the fact that she incurred costs because she was supplied with a car that was of an unsatisfactory quality.

Mrs B didn't make any payments towards the agreement between December 2024 and March 2025 when she cleared the arrears. She said she couldn't afford to do so due to the amount she'd spent on repairs and hire cars – as well as the strain the situation put on her ability to work. I understand there was also some confusion in January 2025, as Mrs B was under the impression the dealership would be unwinding the agreement. As this situation resulted from Mrs B being supplied with a car of unsatisfactory quality, I find it fair that any adverse information caused by payments missed during this period be removed from her credit file. But as I've concluded Mrs B could have resumed the agreement – and was made aware of her options on 29 January 2025 at the latest – I don't intend to say First Response should remove any adverse information after that date.

It's also clear Mrs B has been inconvenienced here. She had to arrange for the car to be

repaired at her own cost – and was left having to arrange her own transport for several weeks. Given that Mrs B relied on the car to work I think this would have caused her some additional stress. This wouldn't have happened had First Response supplied her with a car that was of a satisfactory quality. But I've also considered that Mrs B could have taken the car back in January 2025 but chose not to. In the circumstances, I think First Response should pay her £100 compensation to reflect the distress and inconvenience caused.”

Responses to my provisional decision

First Response said it accepted my provisional decision.

Mrs B provided further comments in response to my provisional decision. I've summarised what I consider to be the key points that she's raised:

- She only allowed the dealership to repair the car because she received advice that this was necessary and was told she had no choice – not because she wanted the car back. She made it clear to the dealership she wasn't happy with the car and wanted a refund. The dealership and First Response didn't allow her to reject the car.
- The dealership and First Response have a working relationship and are closely linked, so it's not possible to clearly separate their actions from each other. They gave contradicting information and communication between the parties was poor – which muddled the waters.
- She was given no option to take the car back even if she wanted to.
- She has never previously been made aware that the dealership carried out a simple key reprogramming. She recalls the car being button operated, so she doesn't see how the key could have been left in the ignition. She questions why such a simple repair took more than a month to carry out.
- The dealership's offer to 'unwind' the agreement led her to believe that it came to an end after she returned the courtesy car. It wasn't clear to her that this offer had been retracted. Any costs requested by the dealership at the time were offset by the amount she'd spent on repairs and hire cars.
- In total, she's paid close to the value of the car while only having use of it for around six weeks.

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'd like to thank both parties for responding to my provisional decision. I recognise I've provided only a brief summary of Mrs B's response – but I'd like to assure her I've read and considered everything she's said. In my final decision I'll address what I consider to be the key points. I also won't reiterate points already addressed in my provisional decision.

Mrs B says she didn't want the dealership to arrange a repair, and only allowed this after receiving advice. She's also provided a further email to the dealership, asking if he can either exchange or refund the car. In some cases, rejection might be an appropriate remedy even if a customer has agreed to a repair – for example, if a repair was accepted under duress. But I don't think that's what happened here. Although Mrs B has shown she asked the dealership about the possibility of returning the car, based on her comments it appears she was exploring the options available to her and was seeking advice about this at the same time. She says she received independent advice that she should allow the dealer to arrange a repair – and only agreed the repair on this basis. But regardless of whether the

advice she received was correct, she did accept a repair and told First Response she'd agreed the repair with the dealership. I also haven't seen anything to suggest Mrs B was told rejecting the car wasn't an option before the repair was agreed. So, while I don't doubt Mrs B was dissatisfied with the car – or that she expressed that dissatisfaction to the dealership, my overall conclusion that she accepted the second repair remains the same.

I note Mrs B's comments surrounding what the dealership says caused the problem. The evidence I've seen doesn't conclusively show whether the car had a key ignition or a button start – although I appreciate Mrs B recalls there being the latter. I also note the dealership gave a slightly different account to First Response in January 2025 – saying the garage caused the problem by leaving the car without charge for too long which immobilised it. The comments regarding the key were made nearly a year later – and I acknowledge there's some inconsistency here.

However, whether the problem was caused by the car being left without charge or the key being left in the ignition doesn't ultimately affect my conclusions here. I say this because regardless of what caused the issue, I'm satisfied Mrs B accepted a repair and that First Response effectively took responsibility for it. And while I can understand Mrs B's concern that the dealership's comments were never relayed to her, by that point she'd already expressed she had no interest in taking the car back or continuing the agreement – and I don't think her being told the reason for the problem was likely to impact that. I also acknowledge the repair took several weeks – but Mrs B was provided with alternative transport for the majority of that time, and I'm requiring First Response to reimburse her transport costs for the remaining period – so I don't think she was significantly disadvantaged by this. Taking the time of year into account, I also don't think the repairs took a significant or unreasonable amount of time.

Mrs B says she had no option to collect the car even if she wanted to – as the salesman familiar with the situation wasn't present when she returned the courtesy car. But as outlined in my provisional decision, the car remained with the dealership for at least a month after that. I think it's fair to say that if Mrs B wanted the car, she could have asked the dealership to make further arrangements for her to collect it. I think it's clear from First Response's correspondence that she had this option, even after she returned the courtesy car.

Mrs B has suggested it's not possible to separate First Response's actions from the dealerships – as they're closely linked. But, as I've explained, they're separate entities. I think First Response made clear the initial offer to unwind the agreement came from the dealership – not from First Response – and it couldn't negotiate on her behalf. I don't think the fact First Response relayed information from the dealership means it's responsible for all of the dealership's actions here – except for when the dealership acted as its agent.

I understand Mrs B's point that – as far as she was concerned – the dealership had offered to 'unwind' the agreement, and she accepted this offer - which she understood to mean she no longer had any liability. For the reasons I've explained, I don't hold First Response responsible for the confusion surrounding this offer. But in any case, Mrs B didn't accept the dealership's proposal at the time – as she wanted to offset the dealership's costs against hers. While I don't doubt Mrs B genuinely believed the agreement was going to end – I'm satisfied First Response provided a clear explanation of her options when it responded to her complaint. It also explained that the final right of rejection didn't apply, as the car had been repaired, and there was no further remedy available under the CRA.

Mrs B has provided a letter sent to the dealership following First Response's correspondence, stating she still wanted to unwind the agreement – but still didn't think she needed to pay anything further. Although she wrote to the dealership to attempt to negotiate further, she ultimately didn't accept either of the options presented to her. It was more than a

month before First Response heard from Mrs B again – and as no agreement had been reached I don't find its decision to recover the car unreasonable.

I can appreciate Mrs B's disappointment here – as she's made significant payments towards a car that she ultimately had little use of. But having considered her additional comments I've ultimately reached the same conclusions as outlined in my provisional decision – and for the same reasons.

Putting things right

For the reasons I've explained, I require First Response to:

- Refund the diagnostic and repair costs incurred by Mrs B (£504).
- Refund the taxi and car rental costs incurred by Mrs B before she was provided with a courtesy car (£444.13).
- Apply 8% simple interest per annum to the above refunded amounts, calculated from the date Mrs B made the payments to the date of settlement[†].
- Remove any adverse information recorded on Mrs B's credit file in relation to this credit agreement between 30 November 2024 and 29 January 2025.
- Pay Mrs B an additional £100 to compensate her for the distress and inconvenience caused by being supplied with a car that wasn't of satisfactory quality.

[†]If First Response considers that tax should be deducted from the interest element of my award, it should provide Mrs B with a certificate showing how much it has taken off so she can reclaim that amount, if she is eligible to do so.

My final decision

My final decision is that I uphold Mrs B's complaint. I require FIRST RESPONSE FINANCE LIMITED to carry out the directions outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 6 March 2026.

Stephen Billings
Ombudsman