

The complaint

Mrs G is unhappy a car supplied to her under a hire purchase agreement with Advantage Finance Limited (Advantage) was of unsatisfactory quality and doesn't accept what it has offered to do to resolve matters.

When I refer to what Mrs G or Advantage have said or done, it should also be taken to include things said or done on their behalf.

What happened

In September 2025, Mrs G entered into a hire purchase agreement with Advantage to acquire a used car. The car was first registered in October 2018 and had travelled around 26,738 miles at the time of supply. The cash price of the car and amount of credit was £13,894 and the duration of the agreement was 48 months; with 47 monthly payments of around £467 and a final payment of around £667.

Mrs G collected the car in October 2025 and said she immediately noticed problems with the clutch. Advantage arranged an independent inspection of the car, which found evidence of previous repairs to the clutch and air within the clutch system. The report noted clunking when changing from second to third gear, which was suspected to be related to the bottom gearbox mount. It also noted additional faults including fault codes within the diagnostic log and the steering pulling to the nearside, which required further investigation.

Mrs G wanted the car to be repaired, so it was collected and returned to the dealership. Repairs were completed, but Mrs G reported the same issue persisted the following day.

Advantage arranged a further independent inspection which identified ongoing issues with the clutch. The engineer considered the previous repairs had been unsuccessful.

Mrs G was given the option to reject the car, but she wanted it to be repaired. However, she wanted the repairs to be carried out by an independent transmission specialist or the manufacturer. Advantage said there was no entitlement to third-party repairs and as the dealership wished to carry out the repairs themselves, it would only agree to this.

Unhappy with the options provided by Advantage, Mrs G referred her complaint to this Service. She said she'd reasonably lost faith in the dealership following the failed repair and its refusal to confirm the specific details of the intended repair beforehand.

Our Investigator reviewed matters and was satisfied the options offered to Mrs G were fair and reasonable. They didn't consider it reasonable to expect the dealership to commit to a remedial course of action before it had the opportunity to further inspect the root cause of the ongoing faults. However, in addition to rejection or repair, our Investigator said Advantage should refund some monthly payments to reflect loss of use and pay Mrs G £250 compensation for the distress and inconvenience caused.

Advantage accepted the Investigator's recommendation, but Mrs G didn't. In summary, she said she'd only be willing to accept the dealership being given further opportunity to repair

the car if they provide the written scope of work in advance, a warranty covering the remedial work and itemised receipts for parts and labour. She also wants Advantage to arrange and pay for a post repair independent inspection to confirm rectification of the fault, and to pre-authorise third-party specialist repairs if the report identifies an ongoing defect.

Our Investigator didn't consider it reasonable to ask Advantage or the dealership to provide what Mrs G asked for. And as no agreement has been reached, the matter 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.

I think it's important to firstly explain I've read and taken into account all of the information provided by both parties, in reaching my decision. If I've not reflected on something that's been said it's not because I didn't see it, it's because I didn't deem it relevant to the crux of the complaint. This isn't intended as a discourtesy to either party, but merely to reflect my informal role in deciding what a reasonable outcome is.

Mrs G was supplied with a car under a hire purchase agreement. This is a regulated consumer credit agreement which means we are able to investigate complaints about it.

The Consumer Rights Act 2015 (CRA) covers agreements such as the one Mrs G 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.

So, where it's found that a car was faulty at point of sale, 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 the finance provider, in this case Advantage, to put this right.

In this instance, it's not disputed the car has a clutch fault, nor that the car wasn't of satisfactory quality when it was supplied to Mrs G. As such, I'm satisfied I don't need to consider the merits of this issue within my decision because both parties agree the car was of unsatisfactory quality at the point of supply. Instead, I'll focus on what I think Advantage should do to put things right.

Putting things right

Repair or Rejection

The CRA sets out a consumer's rights and remedies where goods are found to be of unsatisfactory quality, not fit for purpose, or not as described. This sets out that Mrs G has a short-term right to reject the car within the first 30 days. And outside of the first 30 days she has the right to rejection if the goods do not conform to contract after one repair or replacement. It also says where a consumer requires the trader to repair or replace the goods, this must be done within a reasonable time and without significant inconvenience.

It's not disputed here that Mrs G has the right to reject the car if she wishes to do so. The car was found to be of unsatisfactory quality within the first 30 days of supply, and it has undergone a repair that failed to return it to a satisfactory quality. However, this doesn't mean Mrs G has to accept rejection if there is an appropriate alternative remedy available, such as further repairs – which Mrs G says is her preferred resolution.

Advantage has offered Mrs G the option of rejecting the car, or having it repaired by the dealership at no cost to her. With the CRA in mind, I'm satisfied these options are fair and reasonable in the circumstances.

I can understand Mrs G's concerns about there being ongoing issues, given the dealership's first attempt to repair the fault failed. But the dealership is willing to carry out the required repairs, and I don't consider it unreasonable to give them another chance to do so here. Should the dealership's further repair attempt fail, Advantage may then consider if funding third-party repairs is appropriate in the circumstances. But at this stage, I'm considering what has happened, and what should be done to put things right - not what might happen in future. And ultimately, if Mrs G isn't happy with the dealership carrying out further repairs, she also has the option to reject the car – so she's been offered a fair remedy whether she chooses to proceed with repairs or not.

I've considered what Mrs G has requested from the dealership and Advantage, including a written scope of works before accepting repairs and an independent inspection once the repairs are complete.

A dealership should usually be able to provide evidence of the repairs carried out once they've been done, but I wouldn't generally expect a scope of works to be provided before it's had an opportunity to properly inspect the car – especially as its previous attempt to repair the fault failed. It's not unusual for faults to require a series of diagnostic tests and sometimes, for example, parts may require stripping to identify the underlying cause of a fault and the necessary repairs required. If Mrs G accepts Advantage's offer to repair the car, it would be for the dealership to identify and carry out any necessary repairs. As I've mentioned above, if they fail to resolve the fault, then Mrs G will have further remedy options at that point.

I also wouldn't consider it reasonable to ask Advantage to arrange and fund an independent report immediately after the repairs to confirm they'd resolved the issue. I understand Mrs G may want this for peace of mind. But should Mrs G experience further issues with the clutch, and the repairs are considered to have failed again, Mrs G will be able to raise a new complaint at which point any further impact caused will be considered.

Payment refund

Mrs G has confirmed she's had some use of the car since it was supplied to her. This is supported by the second independent report dated 14 November 2025, which confirms Mrs G had covered 1,495 miles since supply. She said she continued to use the car out of necessity – but her use has been impaired by the fault and she lost use during periods where the car was undergoing inspection and repair. Advantage has confirmed the car was with the dealership for repairs for around a week.

As Mrs G has had use of the car, I would generally consider it reasonable that she pays for this use. However, I would expect Advantage to refund any payment she made during periods where she was without use of the car and not kept mobile with a courtesy car. When considering impaired use, I'd generally consider the nature of the fault and decide what percentage of the payments made should be refunded to fairly reflect the impact the fault had on the car's use.

In this case, Advantage says it credited Mrs G's October and November 2025 payment to assist with alternative transport costs while the complaint was ongoing. Our Investigator said Advantage should refund the payments from supply in October 2025, to when Advantage offered to repair the car or allow rejection in December 2025 – which Advantage agreed to.

As Mrs G had fair use of the car during this time, I wouldn't find it unreasonable for Advantage to retain these payments, with some deduction for impaired use and the periods the car was being inspected or repaired. So, I'm satisfied the payment refund agreed by Advantage is fair in the circumstances.

Distress and inconvenience

Lastly, I've considered that Mrs G was inconvenienced by being supplied with a car that was of unsatisfactory quality, resulting in the car being returned to the dealership for inspection and repairs. The ongoing fault has understandably caused concern and worry about further damage. And I don't doubt the inconvenience and disruption Mrs G has described being caused by the matter. Advantage has agreed to pay Mrs G £250 compensation for the distress and inconvenience caused. Having considered the circumstances of this complaint and the overall offer made by Advantage, including the refund of payments, I'm satisfied £250 is reasonable – and within our award ranges for situations such as this.

In summary, Mrs G was supplied with a car that was of unsatisfactory quality, and I'm satisfied Advantage has offered her two reasonable remedies that align with what is set out in the CRA. It has also agreed to a payment refund and compensation that I consider fairly reflects the impact caused to Mrs G – so I won't be directing it to do anything further beyond what I've set out above.

My final decision

For the reasons set out above, my final decision is that I uphold Mrs G's complaint about Advantage Finance Limited and direct it to:

- End the agreement with no further payments due beyond collection of the car – if Mrs G chooses to reject the car. Collection should be arranged at no cost to Mrs G.
- If Mrs G opts for repairs, these should be arranged by Advantage within a reasonable timeframe at no cost to Mrs G.
- Refund any payments that haven't already been credited, if any, from 4 October to 4 December 2025, for impaired and loss of use.
- Pay 8% simple yearly interest on any refunded amount paid by Mrs G, if any - calculated from the date Mrs G made each payment to the date of the refund[†].
- Pay Mrs G £250 compensation for the distress and inconvenience caused.
- Remove any adverse information recorded on Mrs G's credit file in relation to this credit agreement.

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or reject my decision before 28 April 2026.

Nicola Bastin
Ombudsman