

The complaint

Mr A complains that a car supplied to him under a hire purchase agreement with Oodle Financial Services Limited was of an unsatisfactory quality.

What happened

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

“In March 2025, Mr A was supplied with a used car through a hire purchase agreement with Oodle. The cash price of the car was £6,195 and the agreement was for the full amount. This was to be repaid over 57 months; with one payment of £208.14 followed by 55 payments of £158.14 and a final payment of £208.14. At the time of supply, the car was around nine years old and had travelled around 56,758 miles.

Around two weeks after the car was supplied, Mr A contacted the dealership and broker to report that the engine management light (EML) and an emissions fault warning had appeared on the dashboard. He also said that the bonnet had some dents. An independent inspection of the car was arranged a few weeks later. The engineer concluded that the car had a defective AdBlue module – and that the fault was likely present at the point of supply. Oodle agreed that Mr A could reject the car on this basis.

Mr A made a complaint. He said he relied on the car for work and the faults had significantly affected his income and caused financial difficulties. He asked for a refund of all the payments he'd made under the agreement, as well as compensation to recognise his lost income and the distress and inconvenience caused. Oodle didn't think there was sufficient evidence to suggest the faults affected Mr A's income. It said Mr A had driven a total of 2,252 miles since the car was supplied – and it was entitled to apply a fair usage charge of 25p per mile. It said that even considering the payments Mr A made, this left a shortfall of £196.72 – which it agreed to waive.

The complaint was referred to this service. One of our Investigators considered the complaint. They didn't think Oodle needed to compensate Mr A for lost income – as he could have taken steps to mitigate his loss by sourcing another car. They said Oodle was entitled to apply a charge for fair use but didn't think the mileage charge was fair in the circumstances. Instead, they said Oodle could retain the payments Mr A had made. They recommended that Oodle pay Mr A £250 compensation.

Oodle accepted our Investigator's recommendations, but Mr A didn't. In summary, he didn't agree it was fair for Oodle to keep his payments when the car was faulty from the start. He said he had no choice but to continue using the car despite the faults because the process of rejecting it took a long time. He noted that the agreement was still on his credit file and was showing some missed payments. He said he was eventually forced to take out finance on a different car at a higher cost – which he believed was due to the incorrect information on his credit file. Oodle apologised for not rectifying Mr A's credit file when it should have done – and agreed to pay a further £50, bringing the total compensation to £300.

Mr A remained unhappy with the Investigator's conclusions and said he'd since been contacted by the police about the car as he was still the registered keeper. He said it was Oodle's responsibility to update this and that he could no longer do so as he doesn't have the V5C document. He felt compensation of £900 was warranted for everything that had happened. Mr A asked for the complaint to be referred to an Ombudsman for a final decision. So, it's 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.

If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome. 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 recent correspondence, Mr A has said he's discovered the car is still registered to his name and he's been contacted by the police. I can only consider complaints that have been raised with the business – and I haven't seen anything to suggest Mr A has raised this issue with Oodle. If Mr A feels Oodle made an error when collecting the car, he can contact it separately about that. Mr A can also contact the relevant authority directly if he believes the records it holds are incorrect.

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. Mr A 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 Consumer Rights Act 2015 (CRA) covers agreements such as the one Mr A 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 Mr A 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 Oodle to put this right.

In this case, Oodle accepts that the car wasn't of a satisfactory quality when it was supplied to Mr A – and the car has already been rejected. So, I don't need to comment on this aspect of the complaint in detail. Instead, I'll focus on how things should be put right for Mr A.

Putting things right

As I've outlined, Oodle has now collected the car and unwound the agreement – as I'd expect it to do. I'd typically expect Oodle to refund any deposit – but in this case Mr A didn't pay one.

Mr A has asked for a refund of all the payments he made under the agreement. He says he reported the fault less than three weeks after the point of supply – and had no choice but to continue to use the car after that while waiting for the situation to be dealt with. Although the car had a fault, Mr A had use of the car – and I find it fair that he pays for that use.

The CRA allows Oodle to apply a deduction to any refund to reflect Mr A's use of the car – but it doesn't specify how such a deduction should be calculated. Our Investigator has explained why applying a charge for the mileage accrued isn't a fair reflection of fair use in this case. Oodle has accepted this, and it's no longer in dispute. I agree with our Investigator that the monthly payments made by Mr A while he was using the car represent a fair deduction for that use. So, I'm satisfied Oodle can retain those payments while Mr A was using the car.

However, I've also considered that Mr A says he didn't have full use of the car throughout the period he was paying for it. From the independent report, I can see that the emissions warning displayed a mileage 'countdown', and that it would no longer start after that mileage had been exceeded. By the time the inspection was carried out, the warning said the car could only be driven a further 50 miles, after which it would no longer start. This inspection took place on 1 May 2025 – and I think it's fair to say Mr A couldn't have had significant use of the car after that date. And when the car was collected the following month, the odometer showed a mileage just 21 miles higher than at the time of the inspection. I also understand Mr A was supplied with a different car under a separate agreement around this time. But I haven't seen any evidence to persuade me that Mr A stopped using the car before the inspection – and I note that he was able to cover more than 2,000 miles between the point of supply and when the car was inspected – suggesting he had reasonable use of it during that period.

Mr A continued to make payments under the agreement until the car was collected in June 2025. As I'm satisfied he had no use of the car after 1 May 2025, Oodle should – on a pro-rata basis – refund any amounts paid for his use of the car after that date. Mr A hasn't provided any evidence to persuade me that his use or enjoyment of the car before that date was significantly impaired – so I'm satisfied Oodle can retain what he paid for the car before 1 May 2025.

Mr A says the agreement had a detrimental impact on his credit file – as Oodle recorded some payments as missed after collecting the car. This isn't disputed, and Oodle accepts that it didn't remove the agreement from Mr A's credit file when it should have. Mr A says this caused a further financial loss as it made borrowing more expensive for him. In particular, he says he was supplied with a new car through an agreement with another lender – at an increased interest rate. While I've considered this, for me to agree Oodle's error has caused a loss to Mr A I'd need to see evidence to persuade me of that. Lenders take a wide range of information into consideration when setting interest rates – and I haven't seen anything to demonstrate that the interest rate on Mr A's new agreement was higher than it would have been if not for Oodle's error.

I've considered Mr A's comments around the car affecting his ability to work. As I've explained, I'm satisfied Mr A most likely had use of the car until around 1 May 2025 – and he acquired a new one around two weeks after that date. Mr A has provided bank statements showing that his income stopped during the period he had the car. The credits from his employer are sporadic and irregular both before and after the car was supplied – and I can't say with any certainty what – if any – impact being without the car had on Mr A's income. I also need to consider whether Mr A took reasonable steps to mitigate his losses. Mr A said he relied on the car to work, and that being without it caused him significant financial difficulties. Given this, I think it would have been reasonable for Mr A to consider alternatives – such as a hire car – while waiting for the matter to be resolved. So, I don't find that Oodle

needs to reimburse the income Mr A says he lost.

I've considered the distress and inconvenience caused to Mr A. Our Investigator recommended that Oodle pay £300 to recognise the impact caused by being supplied with a car that wasn't of a satisfactory quality. Mr A has asked for compensation of at least £900. Mr A had to contact the dealership (although it had ceased trading by then) as well as the broker and Oodle to get the problem sorted out. A period of more than two months passed between him reporting the faults and the agreement being unwound – and it would have caused him some stress and worry to be driving a car with an active EML and emissions warning. And it would have caused Mr A further distress to discover that his credit file hadn't been promptly updated after the car was rejected.

That being said, for the reasons I've explained I'm not persuaded that Oodle is solely or mainly responsible for Mr A being unable to work, and I'm satisfied that he was able to use the car for at least some of the time he had it despite the faults. Taking everything into account, I think £300 is a fair reflection of the distress and inconvenience caused to Mr A.”

Responses to my provisional decision

Oodle said it had nothing further to add in response to my provisional decision. Mr A said he accepted my provisional 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.

As neither party has provided any new information or evidence in response to my provisional decision, I see no reason to depart from it. It follows that I uphold Mr A's complaint for the reasons outlined in my provisional decision.

Putting things right

For the reasons explained in my provisional decision, I require Oodle to:

- Remove any adverse information recorded on Mr A's credit file in relation to this agreement, and the agreement should be marked as settled in full on his credit file, or something similar, and should not show as voluntary termination;
- on a pro-rata basis, refund any payments Mr A made towards the agreement after 1 May 2025;
- apply 8% simple interest per annum to the above refunded amounts, calculated from the date Mr A made the payments to the date of settlement[†]; and
- pay Mr A an additional £300 to compensate him for the distress and inconvenience caused by being supplied with a car that wasn't of a satisfactory quality.

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

My final decision

My final decision is that I uphold Mr A's complaint. I require Oodle Financial Services Limited to carry out the directions outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 13 March 2026.

Stephen Billings
Ombudsman