

The complaint

Mrs B is complaining about the quality of a vehicle supplied to her by First Response Finance Limited (FRFL).

What happened

In April 2025, Mrs B signed a hire purchase agreement with FRFL to acquire a car. The cash price of the vehicle was around £17,500. By the time it was supplied to Mrs B, the car had done around 77,500 miles and was over seven years old.

Mrs B contacted the dealership shortly after receiving the car and said she wasn't happy with it. They offered to repair the vehicle and asked Mrs B to get a diagnosis and then get back in touch. Over the six weeks that followed, Mrs B obtained diagnostic reports from three different garages. But the dealership weren't satisfied with the reports and asked Mrs B to leave the car with a specific garage for a full diagnosis and repair.

Mrs B left the car with the garage around the end of June. The garage carried out some repairs and returned the car to Mrs B. But she remained unhappy – she said she'd had another diagnostic check after picking the car up from the garage towards the end of July and it revealed ongoing faults. Mrs B said she was no longer willing to accept the car and complained to the dealership and to FRFL.

FRFL sought to arrange an independent inspection of the vehicle. Mrs B was initially reluctant, having already arranged several inspections. But the dealership arranged for an inspection by the main dealer, who noted that a new battery had been fitted. They cleared the fault codes, retested the vehicle, and returned it to Mrs B to monitor.

At this stage, FRFL issued their final response to Mrs B's complaint about the quality of the vehicle. They said the vehicle was found to be fault-free and so they weren't upholding the complaint.

Mrs B remained unhappy so brought her complaint to the Financial Ombudsman Service. In essence she said she'd had the car for five months and it had spent the whole time in and out of garages, she'd barely driven it, and there were still numerous faults with the car.

One of our investigators looked into the matter. But, in her view, there wasn't enough evidence that there was something wrong with the car, so she didn't uphold the complaint.

Mrs B didn't accept the investigator's view and asked for an ombudsman to review her complaint. She provided a detailed timeline and additional evidence – and the matter came to me.

I reviewed the file in full and explained to FRFL why I thought they should arrange an independent inspection. I said the evidence available strongly suggested that faults had arisen within the first six months of Mrs B's ownership of the vehicle and that FRFL therefore needed to prove the car was of satisfactory quality. I said I wasn't satisfied by the evidence from the main dealer. And I said there had already been two attempts to repair the car so if problems with the car are still evident, then rejection is the appropriate outcome.

FRFL didn't accept my position – they said they had proved the car was of satisfactory quality at the time. But they did arrange for an independent inspection. This was attempted in February 2026, and the report was provided to me. I then issued a provisional decision on the complaint in which I said I was inclined to uphold the complaint. That provisional decision said:

“The agreement in this case is a regulated consumer credit agreement. As such, this service is able to consider complaints relating to it. FRFL were the supplier of the goods under this agreement and are therefore responsible for a complaint about their quality.

The Consumer Rights Act 2015 (CRA) is of particular relevance 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 CRA says the goods 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 circumstances. The CRA explicitly says that the quality of goods includes their durability.

Mrs B bought a car that was over seven years old and had done over 77,000 miles. In addition. So, I'm inclined to say a reasonable person would expect that the car would have suffered some wear and tear. But, it was a luxury car from a premium brand, and was priced accordingly. So, I think it's fair to say a reasonable person would also expect that the car would be durable and not need significant repairs for a considerable amount of time.

Was the car in satisfactory condition at the point of supply?

The evidence I've seen strongly suggests the car was not in a satisfactory condition at the point of supply. I say this because I've seen several diagnostic reports which showed multiple fault codes existed. And the dealership arranged for some repairs to the car which were completed in early July 2025. This suggests that the dealership acknowledged they'd supplied a car which wasn't of satisfactory quality.

Were the repairs successful?

I've seen limited evidence as to what repairs were actually carried out. It appears that this included repairs to the radiator, air conditioning re-gas, and a replacement battery. Mrs B obtained further diagnostic reports after these repairs had taken place, and these suggested various faults persisted.

Mrs B took the car to a further garage after this. This particular garage emailed the dealership and FRFL, stating: “[I] will be sending a diagnostics report on a separate email these codes have flagged up on both occasion when having been put on a computer the main fault that is a very serious issue is that the car has a fault with the timing chain and I have advised the customer not to drive the car until this matter has been resolved...”

I acknowledge that FRFL consider the main dealership invoice shows there was nothing wrong with the vehicle when they looked at it in August 2025. But the main dealership didn't provide a full inspection report. The scope of their inspection isn't clear. Instead, the invoice for the inspection only notes that the communications faults related to a battery fault. They noted that a new battery had recently been fitted and once the fault codes had been cleared, they didn't reappear. But they recommended road testing, didn't provide an update after any road testing had occurred, and they suggested Mrs B monitor the car and report any further problems. I don't consider this persuasive evidence that there wasn't anything wrong with the car.

When Mrs B collected the car, she continued to experience problems. She took the car for a further fault diagnosis in November 2025. Many of the fault codes present on this report

had been present in the initial diagnostics. And, given how many times I understand the fault codes to have been cleared, I'm inclined to say the faults had persisted, rather than being historical codes stored in the system.

Finally, I've considered the independent inspection arranged by FRFL. Unfortunately, the battery on the car was flat when the engineer arrived. He was unable to jump start the engine using auxiliary power. This meant he was unable to perform a full inspection, and he recommended charging or replacing the battery before scheduling a further inspection. However, the engineer concluded that the battery issue had been developing at purchase and previous repairs had not resolved the problem. The engineer noted that the car had covered only around 1,650 miles since Mrs B had acquired it and it was on that basis that he said the battery issues were developing at the time of purchase and that Mrs B wasn't responsible for them.

Taking everything together, whilst the evidence is piecemeal, I consider it very likely that the car was not of satisfactory quality at the time it was supplied to Mrs B. From what I've seen, there were multiple problems with it. The diagnostic reports and the independent engineer's report show that attempted repairs have not been successful and there are underlying problems causing the battery issues and the fault codes present in the car.

Putting things right

As I've explained above, I'm inclined to say FRFL supplied Mrs B with a car that wasn't of satisfactory quality. Under the CRA, they had one opportunity to repair the car. As I consider repairs to Mrs B's car haven't been successful and the car remains faulty, I'm minded to say Mrs B should now be allowed to reject the vehicle. So FRFL should end the agreement and collect the car, at no cost to Mrs B.

Mrs B has had very little use of the car – it's been in and out of garages, for diagnostics and repairs, and she's been advised not to drive it (as evidenced above). The car has travelled less than 2,000 miles since she's had it. She told us within days of collecting the car after the main dealership inspection that she was still unhappy with it. And she's told us she's never been provided with a courtesy car. I've taken all this into consideration when thinking about the extent to which FRFL should refund the payments she's made for the vehicle.

It's clear Mrs B's usage of the car has been impaired. But she has had some use of it, and could have driven it, up until the point that it failed its MOT, in late-November 2025. I'm inclined to say it's reasonable for Mrs B to make 65% of the contractual monthly payments due up until 24 November 2025. FRFL should refund the other 35%, and any payments Mrs B's made since 24 November 2025.

In addition to the financial loss, Mrs B's suffered significant distress and inconvenience as a result of the unsatisfactory quality of the vehicle. She's had to take the car to several garages and send numerous emails. And she's had to arrange alternative transport for herself and her children. While the financial cost of this is taken into account by the refund of monthly payments, I'm inclined to say FRFL should also pay £250 to Mrs B to compensate her for the distress and inconvenience.

In summary then, I'm inclined to uphold Mrs B's complaint and say FRFL need to:

- *End the agreement with nothing further to pay and collect the car at no cost to Mrs B;*
- *Refund to Mrs B her deposit of £5,495 (if any part of this deposit was made up of funds paid through a dealer contribution, FRFL is entitled to retain that proportion of the deposit);*

- *Refund 35% of any other payments Mrs B made before 24 November 2025;*
- *Refund any payments Mrs B has made since 24 November 2025;*
- *Pay Mrs B 8% simple interest per year on all refunded amounts, from the date of payment to the date of settlement;*
- *Pay Mrs B £250 to reflect the distress and inconvenience the unsatisfactory vehicle caused; and*
- *Arrange to remove from Mrs B's credit file any adverse information recorded in relation to the agreement."*

FRFL didn't reply to my provisional decision. Mrs B was glad I was intending to uphold her complaint. But she asked that I reconsider aspects of the redress. In summary she said:

- She paid a deposit of £5,644 not £5,495
- My suggested 65% rate of usage doesn't accurately reflect the significantly impaired use and limited benefit she had from the car.
- The £250 award for distress and inconvenience doesn't fully reflect the impact the situation has had on her and her family.

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.

Having done so, I've not been persuaded to change my mind. I'll explain why.

Deposit

The hire purchase agreement clearly states the deposit for the vehicle was £5,495. The invoice Mrs B has provided to show she paid £5,644 demonstrates that this included an optional "peace of mind pack" – the price of which makes up the difference between the two figures. My understanding is that this is a three-month warranty. Whilst I appreciate Mrs B may feel she hasn't had much benefit from this I don't think it's fair to say FRFL should refund this optional extra.

Impaired usage

Mrs B says her personal usage of the car was only around 500 miles with the rest of the mileage covered being related to garage visits and diagnostics. She says she avoided driving the car as much as possible because she didn't feel confident in its reliability or safety. And she says she was advised at times not to drive the car. She suggested 40-50% would be a fairer reflection of the circumstances.

I appreciate what Mrs B's saying and I have thought about this. But I've seen no evidence of the journeys made, or that she was advised not to drive the car. Whilst I can understand why she might have chosen not to at times, she could have driven it and had the benefit of having the car available to her. On balance, I'm satisfied the 65% I initially suggested is fair.

Distress and inconvenience

I appreciate Mrs B's comments that this has been more than a minor inconvenience – and I can see why that would be the case. But I can only take into account the impact it's had on her – not the impact it's had on her family. The figure isn't intended to reimburse her for

financial losses – the cost of alternative transport is instead covered by the refunds of payments. I understand Mrs B suffers from health issues and this situation has exacerbated those. But I also have to consider what would have been reasonably foreseeable for FRFL, and the actions Mrs B did or didn't take to limit the impact. On balance, taking everything into consideration, I'm satisfied £250 is a fair award in the circumstances.

My final decision

As I've explained above, I'm upholding Mrs B's complaint. To settle the matter, First Response Finance Limited need to:

- End the agreement with nothing further to pay and collect the car at no cost to Mrs B;
- Refund to Mrs B her deposit of £5,495 (if any part of this deposit was made up of funds paid through a dealer contribution, FRFL is entitled to retain that proportion of the deposit);
- Refund 35% of any other payments Mrs B made before 24 November 2025;
- Refund any payments Mrs B has made since 24 November 2025;
- Pay Mrs B 8% simple interest per year* on all refunded amounts, from the date of payment to the date of settlement;
- Pay Mrs B £250 to reflect the distress and inconvenience the unsatisfactory vehicle caused; and
- Arrange to remove from Mrs B's credit file any adverse information recorded in relation to the agreement.

*If FRFL consider tax should be deducted from the interest element of my award they should tell Mrs B how much they've taken off. They should also provide Mrs B a certificate showing how much they've taken off if she asks for one so that 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 B to accept or reject my decision before 15 April 2026.

Clare King
Ombudsman