

The complaint

Mr M is unhappy that a car supplied to him under a hire purchase agreement with Advantage Finance Ltd (Advantage) was of an unsatisfactory quality.

What happened

In August 2024 Mr M was supplied with a used car through a hire purchase agreement with Advantage. The agreement was for £21,521 over 60 months; with 59 monthly payments of £355.35 and a final payment of £555.35. At the time of supply, the car was around four years old, and had done 43,911 miles.

Mr M complained that Advantage wouldn't allow him to reject the car despite agreeing that the car was faulty.

Mr M said the car lost power and the engine management light came on in November 2024. He said a local garage inspected the car and found there was no oil in the engine, swarf in the sum pump, the wetbelt should be replaced, and significant damage may have occurred to the engine.

He said that Advantage were arranging an independent inspection. But due to the time this was taking, and because he needed the car on a daily basis, he had the car repaired.

He said that the car was still losing oil and was very noisy. He said he'd done 1,000 miles since the repair but the car needed a top up of oil. He said the report suggested more damage could have been done to the engine. So, he wanted Advantage to take the car back at no cost to him as he said the car was not safe. He's unhappy that Advantage only offered him a voluntary termination with an £8,000 cost, or voluntary surrender at a cost of £19,000.

Advantage said the independent inspection had found multiple fault codes relating to the car's timing, and the timing belt (wet belt) had deteriorated. The report confirmed the supplying dealer was responsible for the faults.

Advantage said they agreed to pay the costs of the repair as Mr M had already had the car repaired. They said Mr M told them there were still issues with the car, and referred them to the diagnostic report which said significant damage may have occurred to the engine.

They said they offered a second independent inspection to confirm if there were any faults still present after the repair. They said Mr M disagreed so they closed the complaint after paying for the repairs and a making goodwill gesture.

Mr M was unhappy with this response, so he referred his complaint to our service for investigation.

Our investigator said that Advantage had resolved the complaint fairly and reasonably. She acknowledged that Mr M was concerned about the possibility of further damage, but she couldn't say that he should have been able to reject the car as there was no evidence to show that any damage was present.

Mr M didn't agree with the investigator. He said the investigator's opinion didn't reflect the severity of the failure, or that the car's "*catastrophic mechanical condition*" directly forced him to voluntarily surrender the car. He said the local garage had found the damage had occurred prior to purchase. He said he stopped driving the car as the local garage told him the damage could result in a major engine overhaul or replacement being required.

Because Mr M didn't agree, this matter has been passed to me to make a final 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.

Having done so, I've reached the same overall conclusions as the investigator, and for broadly the same reasons. 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 view on the balance of probabilities – what I think is most likely 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. Mr M 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 Mr M 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, and durability.

So, if I thought the car was faulty when Mr M 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 Advantage to put this right.

Other Decisions

Mr M has made reference to other decisions the Financial Ombudsman Service has made. A crucial part of our service and the way we consider complaints is that we consider each complaint on its own merits and its own individual circumstances. So, my decision won't be impacted in any way by any decision made on a different complaint, no matter how similar Mr M feels the situation is.

Undisputed Fault

In this instance, it's not disputed there was a problem with the engine, nor that this fault was present when the car was supplied to Mr M. As such, I'm satisfied that I don't need to consider the merits of this issue within my decision.

The issue I need to consider is whether or not Advantage have done enough to resolve this complaint.

Mr M said the car lost power after he'd had it for three months. Where faults arise after 30 days the CRA says that consumers, like Mr M, can use the right to reject the car if there has been a repair and there is still a problem. That means businesses like Advantage have an opportunity to repair the car before it can be rejected.

Advantage agreed to reimburse Mr M the cost of the repair. They've done this even though they would normally expect to arrange and authorise the repair before it was done. I'm satisfied that they acted fairly in agreeing to reimburse Mr M the cost of the unauthorised repairs, and that repair was the appropriate remedy.

Single Chance at Repair

The CRA says that firms like Advantage have a single chance of repair.

The CRA is clear that, if the single chance at repair fails, then the customer has the right of rejection. However, it would be reasonable to expect to see evidence that the repair failed.

Mr M says that there "*may*" have been damage to the engine.

He provided a copy of the diagnostic report from a local garage. It said that the car had no engine oil and was "*likely*" to have suffered some damage.

I've seen a copy of the independent engineer's report, dated 30 November 2024. In this report, the engineer concluded the timing belt had deteriorated. It explained that to repair the fault the sump should be removed, the primary oil feed and sump cleaned, and then replace the wet timing belt, and oil and filter.

The engineer didn't report any doubts or concerns about the life or use of the engine following the repair. He reported no evidence of any coolant leaks, and only what he described as the expected levels of oil seepage for the car's age and condition.

When asked to comment about the engine having only 100ml of oil, the independent engineer said, "*running a vehicle with such a low oil level would have quickly resulted in engine seizure*".

The local garage said that "*significant damage may have occurred to this engine as it has been run with low/no oil*". It is based on this comment that Mr M wanted to reject the car. He told Advantage that "*we have no idea if there is damage to the engine*" and was not confident taking the car on any long journeys should something occur.

I've considered this evidence and observations carefully, but I've seen no evidence that the car was still faulty after the repair.

So, without evidence that the car was still faulty, or that the repair that Mr M arranged had failed, I think it's reasonable that Advantage didn't allow Mr M to reject the car.

I think it was reasonable for them to ask Mr M for further evidence before considering his request to reject the car. I can see that they offered to pay for a further inspection, but Mr M declined this, as he believed this would result in costs to him. Without a further inspection, I can't see that the repair had failed or the car was still faulty. So I won't be requiring Advantage to take any further action to resolve this part of Mr M's complaint.

I note that the agreement has now been voluntary terminated and Mr M no longer has the car. I understand Mr M felt uncomfortable driving the car, but without evidence that the repair failed or the car was still faulty, I think it was reasonable for Advantage not to accept his rejection of the car.

Advantage said there had been some delay in refunding the cost of the repair due to the supplying dealer not responding. In recognition of this delay Advantage paid Mr M £150 for the distress and inconvenience caused by the delay. This is in line with what our service may have offered so I won't be asking Advantage to pay any more.

My final decision

For the reasons explained, I don't uphold Mr M's complaint about Advantage Finance Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 27 April 2026.

Gordon Ramsay
Ombudsman