

The complaint

Miss C complains that a used car she acquired via a hire purchase agreement with Lendable Ltd wasn't of satisfactory quality. She wishes to reject the vehicle and end the agreement.

What happened

At the end of January 2025, Miss C entered into a four-year hire purchase agreement with Lendable for a used car. The car was over eight years old and had a mileage 54,979.

In March 2025 Miss C says she had noticed that the car was misfiring and she reported this to the dealer, but no action was taken. She also says that she experienced the car idling roughly for a period, but this then resolved and that the oil light illuminated on two separate occasions leading her to add oil. Miss C says having done some research on the make and model of the car she found that it was one which burned through oil, so she wasn't overly concerned.

However, at the start of June 2025, when driving home from work, the engine light illuminated and the car broke down. Miss C complained to Lendable about the condition of the vehicle. It was arranged for the car to be recovered and taken back to the dealer. The dealer had it inspected. This inspection revealed *"ran vehicle and found injector 2 to be stuck in the open position-replace cylinder 2 injector. Ran vehicle and ran ok for a little while and then cylinder 2 misfire returned. Removed and inspected spark plug to find spark plug in cylinder 2 to be contaminated with oil. Carry out cylinder leak down test and found cylinder to be leaking into crankcase. Suspect faulty or worn piston rings Suspect further internal damage caused by prolonged misfire/prolonged use of vehicle with misfire. Customer reported to ... in March 2025 regarding vehicle misfire."*

The dealer said that the damage to the engine was due to Miss C's negligence by continuing to use the car when it had been faulty and that this had resulted in significant damage meaning it now required a new engine. They said the fault with the car hadn't been present or developing at its point of supply to her and was an issue of wear and tear in line with the car's age and mileage.

Miss C disagreed with the dealer's view that she has been negligent. She said there had been no warning lights showing and she hadn't been advised not to drive the car. Miss C said that as she had purchased the car to get to work and to drive her family to places and she had needed to use it.

Lendable decided to have the car independently inspected. The independent engineer investigated the faults with the car in August 2025. This engineer reported that the vehicle appeared to be *"operating on two cylinders only with a significant and fairly catastrophic misfire coming from the engine. We believe No 2 cylinder is affected."* And in answer to a series of questions, the engineer stated that *"There was no evidence that the conditions were present at the point of sale."* However, the engineer also reported that *"The conditions are wear and deterioration related but have not solely developed since the date of sale."* Although, in answer to a question as to who would be responsible for the cost of the repairs the engineer said that *"Due to the time in service and the mileage we were unable to find*

evidence to suggest that the selling agent would be responsible.”

Lendable didn't uphold Miss C's complaint in light of the independent engineer's findings. It said this report showed the faults and defects with the car hadn't been present when Miss C had purchased the car but had developed due to general wear and tear and subsequent use of the car.

Miss C disagreed with the view of Lendable and complained to this service. Our investigator recommended that her complaint should be upheld and that Miss C should be entitled to reject the car given that the cost of repairs would likely be uneconomical compared with the value of the car.

Our investigator said he thought the independent engineer's report (as arranged by Lendable) was contradictory and that their findings indicated the fault had been developing at the point of supply. He said he thought Miss C's evidence had been clear about reporting issues earlier to the dealer about the idling of the car, but they had then taken no action. He said the car had broken down after around four months and 4,500 miles and so he was satisfied on the evidence that had been provided that the fault had been developing at the point of supply.

Our investigator also said he didn't think Miss C had acted negligently in the circumstances as there had been nothing to suggest she shouldn't be using the car until it had broken down.

Our investigator said it would be fair for Miss C to now return the car and have the contract ended; for her to receive her deposit back as well as any instalments made after the beginning of June 2025 when the car had broken down together with £400 compensation for having to deal with the faulty car.

Miss C agreed with the view of our investigator but Lendable has disagreed. It argues that the investigator shouldn't have accepted one statement over the other by the independent engineer as to whether the fault had been developing at the point of sale. It says it was a second-hand car, and its deterioration is commensurate with its age and mileage and there wasn't evidence of a fault developing or present at the point of sale.

As the parties were unable to reach agreement then the complaint has been passed to me.

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.

When looking at this complaint I need to have regard to the relevant law and regulations, but I am not bound by them when I consider what is fair and reasonable.

As the hire purchase agreement entered into by Miss C is a regulated consumer credit agreement, then this service is able to consider complaints relating to it. Lendable is also the supplier of the goods under this type of agreement and is responsible for a complaint about their quality.

Under the Consumer Rights Act 2015 there is an implied term that when goods are supplied the quality of the goods is satisfactory. The relevant law says that the quality of the goods is satisfactory if they meet the standard that a reasonable person would consider satisfactory taking into account any description of the goods, price and all other relevant circumstances.

The relevant law also says that the quality of the goods includes their general state and condition, and other things like their fitness for purpose, appearance and finish, freedom from minor defects, safety, and durability can be aspects of the quality of the goods.

Here the car was around eight years old and had a mileage of about 55,000 so some wear and tear would have been suffered by its components and repair and maintenance issues would be expected to arise after a reasonable period of time.

I've seen that Miss C had raised an issue with the dealer about the car misfiring in March 2025, so a few weeks after she had acquired it. I can't see that the dealer took any action and Miss C says the misfiring then appeared to settle. She has also acknowledged that the oil light illuminated on around two occasions and that she added oil, but I think she's been quite clear that there were no obvious faults with the car which would have alerted her that she shouldn't be using it. And while I don't dispute that Miss C's continuing to drive the car has led to its requiring more extensive repairs than may have been required had the engine fault been identified sooner, I don't think it's fair to say she has acted negligently. I haven't seen clear evidence that Miss C should reasonably have been aware that there was something wrong with the car and had continued to use it regardless of the possibility she was damaging the engine by doing so.

I also think that even though Miss C's use of the car has contributed to the level of repairs now required that, if this fault had been developing at the point of supply, then the level of damage wouldn't change that the car hadn't been of satisfactory quality at the point of supply. So, I think the issues for me to decide are whether this fault had been present or developing at the agreement's inception, whether the fault arose from wear during the period Miss C had the car and, if it had arisen from wear, whether the car could be considered as reasonably durable.

I've seen that both the investigation arranged by the dealer and the one arranged by Lendable have identified the same fault with the car. The dealer's investigation says the damage to the engine is due to a "*prolonged misfire*" and "*prolonged use with that misfire.*" And I think from the word 'prolonged' that it is reasonable to consider that means the fault had been longstanding rather than suddenly developing.

When looking at the independent engineer's report which was arranged by Lendable, I think the conclusions they reached were inconsistent. The engineer has said that the fault hadn't been present or developing when Miss C took the car but then also said that this wear and deterioration had not solely developed from the point of sale.

Where evidence is contradictory or missing then it is for me to decide what I think is the most likely thing to have happened. Here, I have a used car so some wear would be expected but the car should also be reasonably durable. I have references by an engineer to the fault being present for a prolonged period and another engineer has referred to this fault not solely developing from the point of supply to Miss C. I therefore think it is reasonable to consider that that fault with this car was more likely than not developing at the point Miss C acquired it.

I think my view is also in line with the CRA which sets out that when a fault develops within six months of supply there is a presumption it was present or developing at the point of supply. It is for the retailer to show that it wasn't. So, I don't think Lendable has done that here so that presumption still applies.

I'm satisfied on the evidence that I have seen that the car had a fault at the point of its supply to Miss C and so wasn't of satisfactory quality. Because I have made that decision, I don't need to go on and look at whether the car was reasonably durable.

As the car now requires substantial repairs which are likely to be close to its actual value I think it would be fair and reasonable for Miss C to reject it and end the agreement. I also think that in these circumstances she should get her deposit back.

Miss C had cancelled the direct debit for the car when it became undriveable. This isn't something I would usually condone, but I think due to the extent of the repairs and her personal situation, it was understandable why she took that action. I think it would be fair for any adverse information reported to the credit reference agencies about this agreement to be removed by Lendable. However, as Miss C has made some use of the car, she should pay for that though any payments made after the beginning of June, when the car broke-down, should be reimbursed to her.

Finally, I think Miss C has suffered distress and inconvenience from having to deal with the faulty car. I think £400 compensation is warranted to her for that.

For the reasons given above I'm upholding her complaint.

Putting things right

I'm asking Lendable to do the following:

- End the agreement with nothing further to pay.
- Collect the car at no cost to Miss C.
- Refund Miss C's deposit of £500 together with 8% simple yearly interest on that amount from the date of payment until the date of settlement.
- Refund any monthly payments made under the agreement from the start of June 2023 together with 8% simple yearly interest from the date of payment until the date of settlement.
- Pay Miss C £400 compensation for having to deal with the faulty car.
- Remove any adverse information reported to Miss C's credit file about this agreement.

My final decision

For the reasons set out above, I'm upholding Miss C's complaint. I'm asking Lendable Ltd to do the following:

- End the agreement with nothing further to pay.
- Collect the car at no cost to Miss C.
- Refund Miss C's deposit of £500 together with 8% simple yearly interest on that amount from the date of payment until the date of settlement.
- Refund any monthly payments made under the agreement from the start of June 2023 together with 8% simple yearly interest from the date of payment until the date of settlement.
- Pay Miss C £400 compensation for having to deal with the faulty car.

- Remove any adverse information reported to Miss C's credit file about this agreement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 11 May 2026.

Jocelyn Griffith
Ombudsman