

The complaint

Mrs A is unhappy that a car supplied to her under a hire purchase agreement with Specialist Motor Finance Limited (SMF) was of an unsatisfactory quality.

What happened

In August 2024 Mrs A was supplied with a used car through a hire purchase agreement with SMF. The agreement was for £16,587.40 over 60 months; with 59 monthly payments of £276.29 and a final payment of £286.29. At the time of supply, the car was more than seven years old and had done 54,123 miles.

Mrs A said she started having problems with the car in October 2024. She said she hadn't been provided with logbook, the air conditioning wasn't working, a side camera wasn't working, and the tyre pressure pump was missing. She said she had to get a new battery in February 2025, and have the car serviced in April 2025.

She said the car lost power in June 2025, and she was told the gearbox needed to be replaced.

She initially wanted SMF to pay for the repairs but now wanted to reject the car.

SMF said Mrs A had informed them of the issues six months after she'd acquired the car. They said she'd provided diagnostics, estimates, and invoices from a main dealer garage, but said these didn't demonstrate that the faults were present or developing at the time of supply.

They said without an independent inspection that confirmed the faults were present or developing at the time of supply they wouldn't be able to uphold her complaint.

They also explained to Mrs A how to obtain a new V5 logbook and agreed to reimburse any costs incurred.

SMF said that Mrs A provided a report from an independent engineer after they'd issued their final response letter. They said this didn't change the outcome as the report concluded that the gearbox failure was consistent with in-service wear and tear rather than a pre-existing defect.

Mrs A was unhappy with this response, so she referred her complaint to our service for investigation.

Our investigator said they were satisfied the gearbox fault was not present at the time of supply to Mrs A. They said that the failure of the gearbox at 60,000 miles was significantly premature, as it was reasonable to expect a gearbox to last more than 100,000 miles. Mrs A had already had the gearbox repaired but she couldn't afford to pay for the repair. So our investigator said SMF should support Mrs A with the cost of the gearbox repairs, pay for the repair of the air conditioning, and provide a new tyre pressure kit.

SMF didn't agree with the investigator. They said they'd be willing to reimburse Mrs A with the repair to the air-conditioning on provision of a receipt, and reimburse any cost for the new logbook and tyre pressure kit once confirmation of payment had been provided.

But they didn't agree with the investigator's finding that they should pay for repairs to the gearbox. They said that our investigator had overlooked the technical findings of the independent engineer. They said the independent engineer was clear and unambiguous that the failure of the gearbox was consistent with in-service deterioration.

Our investigator replied stating that the service history showed that the car had been regularly maintained, with only the service record for 2024 missing. They said that a gearbox failure at 60,000 miles would not be expected on a car that had been routinely serviced. SMF disagreed, stating that our investigator's opinion was subjective.

Our investigator issued a second opinion where they further explained why the service history demonstrated that the car had been regularly maintained, so significant mechanical failure wouldn't be expected to arise solely as a result of normal wear and tear. They thought the independent engineer's report didn't sufficiently consider the issue of durability – so they thought the car wasn't of a satisfactory quality.

They said SMF should pay for the repair to the gearbox, refund monthly payments for the period Mrs A wasn't able to drive the car, pay for the cost of the independent inspection, and the cost of the diagnostic report.

Mrs A said she no longer wants the car. She wants SMF to pay for the repair, reimburse her for the previous repairs she'd had done, recover the car from the repairing garage, and write off all outstanding finance.

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

I issued a provisional decision on 17 March 2026, where I explained my intention to uphold the complaint. In that decision I said:

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'm intending to reach a different conclusion to the one reached by the Investigator.

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. Mrs A 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 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, safety, and durability.

So, if I thought the car was faulty when Mrs 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 SMF to put this right.

Here, I'll consider that Mrs A's car was more than seven years old and had covered 54,123 miles. So I don't think a reasonable person would expect it to be in the same condition as a newer, less road worn one. And I'm satisfied they would expect the car to have parts affected by wear and tear.

Mrs A has reported a number of issues with the car. In their response to our investigator's opinion, SMF agreed to refund the cost of repairs to the air conditioning, a new tyre pressure kit, and any cost Mrs A incurred in obtaining a new logbook, on production of receipts. I agree that's a reasonable way to resolve those issues as they made the car not of a satisfactory quality when supplied.

The main issue in dispute is the gearbox. In this instance, it's not disputed there was a problem with the gearbox. This is evident from Mrs A's submissions, the estimates for repair she's supplied, and the report from the independent engineer.

Mrs A provided a vehicle health check report from a main dealer dated 20 June 2025. At this point the car had done 60,067 miles. It found fault codes that indicated the gearbox faulting, and confirmed the gearbox failure after two test drives. It recommended replacement of the gearbox at a cost of £6,427.

Mrs A also supplied a quote from a local gearbox repair specialist, dated 2 October 2025. It recovered the car from her home, and quoted just under £6,000 to remove, strip, repair, rebuild, and refit the gearbox assembly with a number of new parts.

Neither of the reports gave a reason for the cause of the failure of the gearbox.

Independent Engineer's Report

I've seen a copy of the independent engineer's report, dated 5 August 2025. In this report, the engineer found that "the gearbox fault was severe and rendered the vehicle unroadworthy".

Importantly, the engineer concluded that the gearbox failure was consistent with in-service wear and deterioration, and not a defect that was present at the time the car was supplied to Mrs A. He said that "given the mileage and duration of use (12 months / 6,489 miles), it is concluded the gearbox was functional and roadworthy at the point of sale".

He said that the transmission type on this car was known for durability concerns. Critically he added that "the usage period achieved here falls within expected service life parameters. Therefore, the gearbox failure is attributed to normal wear and tear".

The engineer also confirmed their duty is to the courts, not to the person who instructed or paid for the report. As such, I'm satisfied this report is reasonable to rely upon.

Our investigator said they didn't believe the gearbox was sufficiently durable. But that

contradicts the technical findings of the independent engineer. He stated he was aware of durability issue with the transmission on cars of this type. But he clearly stated that, despite this, the gearbox on the car supplied to Mrs A lasted the duration of its expected life – in his words “within expected service life parameters”.

He concluded that because Mrs A was able to use the car for 12 months, and more than 6,000 miles, the gearbox was functional at the point it was supplied to Mrs A. I agree – I think she would've had issues with the gearbox before then if the fault was present at the point of supply.

I've also considered that Mrs A told us that she had the car serviced in April 2025. I think if the gearbox was faulty this would likely have been raised at that time.

I've not seen any evidence that makes me doubt the findings of the independent engineer. So I'm persuaded by his report that the gearbox failure was due to “normal wear and tear”, and there's no evidence that the gearbox wasn't sufficiently durable.

I know that this will be extremely disappointing for Mrs A, but that means I don't intend to require SMF to pay anything towards the repair of the gearbox.

Putting things right

Repair Costs

On production of receipts, SMF should refund Mrs A the costs incurred in repairing the air conditioning, replacing the tyre pressure kit, and any cost she incurred when obtaining a V5 logbook.

Distress and Inconvenience

It's clear that Mrs A was inconvenienced by having faulty air conditioning, no tyre pressure kit, and obtaining a new V5 certificate. These wouldn't have happened had SMF supplied her with a car that was of a satisfactory quality. So, I think SMF should pay her £150 in compensation to reflect the distress and inconvenience caused.

I acknowledge the distress and inconvenience Mrs A has described from the gearbox failure which has prevented her from driving the car. But because I'm not persuaded that SMF are liable for this fault I won't be asking them to pay anything to reflect that distress.

Therefore, SMF should:

- refund the costs incurred in repairing the air conditioning, replacing the tyre pressure kit, and replacing the V5, on production of evidence of payment;*
- apply 8% simple yearly interest on the refunds, calculated from the date Mrs A made the payment to the date of the refund†; and*
- pay Mrs A an additional £150 to compensate her for the distress and inconvenience caused by being supplied with a car that wasn't of a satisfactory quality.*

Responses

Mrs A confirmed the issues related to the air conditioning, missing tyre pressure kit, and V5/logbook were resolved some time ago.

She said her main concern was with the failure of the gearbox. She said the cost of the gearbox repair was far beyond what she could afford. She said that throughout the process,

she was simply trying to get the car repaired but has been left under severe financial, practical, and emotional pressure.

She explained that she remained concerned that the gearbox failed at around 60,067 miles. She said she still considered this to be premature for such a major component, particularly on a car that had been regularly maintained and serviced.

She said she noted the independent engineer's opinion that the gearbox failure was consistent with wear and tear, but asked that I further consider whether a gearbox failure at this mileage and in these circumstances can reasonably be treated as falling within expected service life parameters.

She also asked that I consider the wider impact on her, including that she has been left without use of the car while still facing the financial consequences of the agreement.

SMF 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.

I've carefully considered the points Mrs A has made. I understand her frustration that the gearbox failed after just over 60,000 miles. But I've seen no evidence that persuades me that the gearbox wasn't sufficiently durable.

I explained in my provisional decision why I'm satisfied the independent engineer's report was reasonable to rely upon. He explained why he believed the gearbox failure was due to normal wear and tear. And there's no new evidence that leads me to call that conclusion into doubt.

As I haven't been provided with new information that has led me to change my mind, my provisional decision now becomes my final decision on this complaint.

That means that I won't be requiring SMF to pay for the repair to the gearbox. Mrs A has described the financial impact on her: for the cost of the repair, and the ongoing cost of the hire purchase agreement. In these circumstances I remind SMF of its responsibility to treat Mrs A with forbearance and due consideration.

Putting things right

SMF should, if it has not already done so:

- refund the costs incurred in repairing the air conditioning, replacing the tyre pressure kit, and replacing the V5, on production of evidence of payment;
- apply 8% simple yearly interest on the refunds, calculated from the date Mrs A made the payment to the date of the refund†; and
- pay Mrs A an additional £150 to compensate her for the distress and inconvenience caused by being supplied with a car that wasn't of a satisfactory quality.

†If SMF considers that tax should be deducted from the interest element of my award, they should provide Mrs A with a certificate showing how much they have taken off so she can

reclaim that amount, if she is eligible to do so.

My final decision

For the reasons explained, I uphold Mrs A's complaint about Specialist Motor Finance Limited and they are to follow my directions above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A to accept or reject my decision before 5 May 2026.

Gordon Ramsay
Ombudsman