

The complaint

Mr J complains that Tandem Motor Finance Limited has mishandled the ending of an agreement when the car was found not to be of satisfactory quality.

What happened

In December 2024 Mr J entered into a four-year hire purchase agreement for a used car. The car was around nine years old and had a mileage of 66,455. He paid a £1,000 deposit together with a £150 admin fee and the monthly payments were set at £114.33pm.

Within the first month of having the car, the clutch failed and was replaced. However, Mr J continued to experience a transmission fault with the car, and he complained to the broker. An independent inspection of the car was arranged in March 2025. This revealed that the fault with the car had been present when it had been supplied to Mr J and that the clutch repair had failed.

Mr J complained to Tandem. It sent him a final response letter upholding his complaint and agreeing that he could now reject the car. Tandem said it would pay him £300 compensation for having to deal with the faulty car and its collection would be arranged.

However, Tandem also said that as Mr J had been able to use the car during the time it was in his possession and he had driven an additional 2,819 miles in it, it would be fair for him to pay for that. Tandem calculated Mr J's usage as equalling £704.75 by using the cost as 0.25p per mile, which it said was the industry standard. It said that as Mr J hadn't paid that amount yet under the monthly instalments he'd made so far, then any shortfall at the time the car was collected would be deducted from his deposit with the remainder being paid to him. Tandem also said that when the car was collected, it would be inspected for any cosmetic damage.

There was a delay in collecting the car which was picked up in June 2025. Tandem then wrote and informed Mr J that, following the inspection, damage had been found to its interior and bodywork. It said that the estimated cost of repairs was £2,725.44 but that it would be prepared to waive the full amount and instead retain all of Mr J's deposit.

Mr J was unhappy at Tandem's decision and complained to this service.

Our investigator requested Tandem provide the full evidence as to the damage said to have recorded on the car's return together with a breakdown of the charges. And although a few photos were provided, no inspection report was received.

On reviewing Mr J's complaint, our investigator recommended that his complaint should be upheld. She said that while she agreed Mr J should pay for the use of the car, the charge of 0.25p per mile wasn't fair. Our investigator said that the agreement was for Mr J to pay £114.33pm, and as there was no limitation on the number of miles Mr J could drive and his use of the car hadn't been excessive, it would be reasonable for Tandem to keep payments made by Mr J from December 2024 (the start of the agreement) until March 2025 (when he wasn't able to use it any longer). She said the mileage fee should be removed from Mr J's

account.

In respect of the end of contract damage charges, our investigator said she hadn't seen sufficient evidence to be able to say those charges were reasonable. She said the damage charges should be removed from Mr J's account and his deposit repaid to him in full.

Our investigator said she had seen that Tandem had reviewed the amount of compensation it had offered to Mr J and had increased it by £100 plus an additional £20 to cover the cost incurred by Mr J having the car SORN. She said she thought this new amount was fair and she wouldn't ask Tandem to pay more.

Mr J agreed with our investigator's view although he said the delay in having his deposit repaid was impacting his financial situation. Tandem disagreed. It said that Mr J was liable for the damage found to the car on its return and that it was able to charge for it. It also said that it considered the charges imposed for the usage had been in line with what was considered fair.

As the parties have been unable to reach an agreement 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 Mr J was a regulated consumer credit agreement, then this service is able to consider complaints relating to it. Tandem had been the supplier of the goods under this type of agreement and is therefore responsible for a complaint about their quality.

I've seen that it isn't disputed that the car had a fault when it was supplied to Mr J and that the one opportunity to repair that fault had failed. It therefore wasn't of satisfactory quality, and I agree that, in accordance with the Consumer Rights Act 2015, Mr J was entitled to reject the car and have the agreement ended with nothing further to pay.

I also accept that under the Consumer Rights Act there is a right for the trader to deduct a reasonable amount for the usage of the car before it is returned (after rejection). Here Tandem has applied 0.25p per mile which our investigator didn't think was reasonable given the monthly payments Mr J was making under the agreement, the lack of any mileage restriction in the agreement and the actual number of miles driven.

I think that our investigator's approach was reasonable. Mr J hasn't made excessive use of the car (the mileage being less than 1000 a month is around or less than the average) and he had expected to pay £114.33 pm to use it. I don't think that to now charge him more is fair. I also think, given the faults with the car were experienced by Mr J from within a short time of taking it, that it's likely this would have spoilt his use of it. So, I think restricting the cost of his usage to the amount he had already paid up until March 2025 under the agreement is reasonable. I don't think it's proportionate in the circumstances for a further deduction to be made from his deposit to cover usage.

Regarding the end of contract damage charges, I don't dispute that Mr J is liable for the condition of the car while it was in his possession. But here I don't know what the condition

of that car was when it was supplied to him and, apart from a few photos, I don't know the exact condition it was found to be on its inspection once collected. For me to make a decision as to whether Mr J should forfeit his deposit to cover any damage costs then I would need clear evidence as to the damage found to the car and that it had occurred while Mr J was responsible for it. Without this, I can't fairly say that Tandem is entitled to keep the deposit Mr J had paid when entering the agreement for the car. I'm going to ask Tandem to repay him the full amount and remove those damage costs from his account.

Mr J has agreed with our investigator's view, but he has also said the ongoing delay in getting his complaint resolved is negatively impacting on him. While I appreciate his frustration that Tandem didn't also agree with our investigator's view, I'm not going to ask it to pay more compensation because it asked for an ombudsman to make a decision. This was something that, under this service's processes, it was entitled to request, and my remit isn't to punish businesses. When looking at the impact dealing with the faulty car has had on Mr J, then I'm satisfied that total compensation of £420 that has been paid to him by Tandem is fair and I'm not going to ask it to pay more.

Putting things right

For the reasons set out above, I'm upholding Mr J's complaint. I'm asking Tandem to do the following:

- Refund Mr J's full deposit/part exchange contribution of £1,000 plus the admin fee of £150 (as referenced in the final response letter);
- Refund Mr J all the monthly payments made under the agreement after March 2025 (if any) as he was unable to use the car;
- Remove the mileage and damage charges applied following the collection of the car;
- Pay 8% simple interest per year on all the refunded amounts from the date of payment until the date of settlement;
- Remove any adverse information from Mr J's credit file in relation to this agreement.

My final decision

For the reasons given I'm upholding Mr J's complaint. I'm asking Tandem Motor Finance Limited to do the following:

- Refund Mr J's full deposit/part exchange contribution of £1,000 plus the admin fee of £150 (as referenced in the final response letter);
- Refund Mr J all the monthly payments made under the agreement after March 2025 (if any) as he was unable to use the car;
- Remove the mileage and damage charges applied following the collection of the car;
- Pay 8% simple interest per year on all the refunded amounts from the date of payment until the date of settlement;
- Remove any adverse information from Mr J's credit file in relation to this agreement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 19 May 2026.

Jocelyn Griffith
Ombudsman