

complaint

Mrs E complains about the quality of a car she acquired under a hire purchase agreement with First Response Finance Ltd.

background

Mrs E acquired a car under a hire purchase agreement with First Response in July 2014. The mileage on the car was just over 73,000, and it was three years old.

In April 2015, Mrs E complained to First Response about the car's steering rack. It said the car had been driven for 12,000 miles so it would not pay for the cost of the repair. It would however contribute £150 to the cost of the repair. Mrs E said that the repair would cost £1,092.12. First Response said this sum was too high. It found a garage who quoted £582 plus VAT. Mrs E was not happy with this choice of repairer. She did not have the repair carried out.

Shortly afterwards, Mrs E contacted First Repair as she wished to voluntarily terminate the agreement. It told her that if the repair was not carried out, her liability under the agreement may increase. Mrs E chose to hand back the car with the faulty steering rack. The car raised £1,600 at auction. The guide price was £2,425. The difference was added to Mrs E's outstanding balance.

Mrs E was not happy with First Response and brought a complaint to us to consider.

The adjudicator did not recommend that the complaint should be upheld. She considered that the repair needed was due to wear and tear rather than an inherent fault at the point of sale. The adjudicator was of the opinion that First Response's offer to contribute £150 to the cost of the repair was reasonable. The adjudicator considered that First Response had dealt fairly with Mrs E's voluntary termination request. Her outstanding balance is £3,388.48, however First Response has said it will consider a reasonable offer from Mrs E to settle this sum.

Mrs E is not happy to accept the adjudicator's recommendation. She says she did not use the car for business purposes as First Response say. Further the car was not fit for purpose from the day she acquired it. The MOT is usually carried out the day before sale, but it was done a month before sale in this case.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

As the provider of the hire purchase agreement First Response is responsible for the quality of the car at the time it was supplied to Mrs E. It is not responsible for every fault that may arise while Mrs E has the car, but the car should however be of satisfactory quality when it was supplied. When considering what is satisfactory, the car's age, mileage and price are all things that should be taken into account. The car was over three years old when she acquired it, and had travelled over 73,000 miles. This mileage was confirmed in an MOT carried out the month before Mrs E acquired the car.

Mrs E complained about the car's steering rack ten months after she acquired the car. I would have expected any inherent problem with it present at the point of sale to have become obvious much earlier. I do not consider that Mrs E would have been able to drive the car for 12,000 miles if there had been an inherent fault in this respect. I am of the opinion that the repair needed was due to wear and tear rather than a fault present at the point of sale. As such, I find that the car supplied to Mrs E was of satisfactory quality.

The fact that the MOT was carried out a month before sale rather than a day before does not persuade me that the car was faulty at the point of sale.

Mrs E chose not to accept First Response's offer of £150 towards the cost of the repairs. There are no grounds for me to instruct it to pay the full cost of any repairs that were needed.

I find that First Response advised Mrs E of her liabilities if she were to voluntarily terminate the agreement without having the repair carried out. I note that it has said it will consider an offer by Mrs E to pay off her outstanding liability under the agreement. I consider this is reasonable.

While I do not doubt that my decision here will come as a disappointment to Mrs E there are insufficient grounds for me to uphold this complaint.

my final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs E to accept or reject my decision before 13 November 2015.

Rosemary Lloyd
ombudsman