

complaint

Mr A complains that a used van he acquired in January 2017 under a hire purchase agreement from FirstRand Bank Limited (trading as Motonovo Finance) ("Motonovo") wasn't of satisfactory quality or fit for purpose.

background

Shortly after he obtained the van, Mr A complained to the motor dealer who supplied it ("MD") that it suffered from severe juddering. MD arranged repairs, but when the van was returned to Mr A the juddering remained.

Initially Motonovo wouldn't take any action as it thought the van had been repaired. When Mr A continued to complain, it arranged for the van to be independently inspected. The engineer confirmed that the van was faulty because of the juddering, and on the balance of probabilities it was in this condition when Mr A acquired it.

In October 2017, Motonovo wrote to Mr A. It agreed he could reject the van and said it would tell him how to return it within seven days. It agreed to:

- refund the deposit of £3,000 he had paid;
- refund all the instalments he had paid, less five instalments in respect of the use he had of the van; and
- pay him a further £100 as compensation for inconvenience and having to change a private number plate on the van.

Mr A thought Motonovo should refund more of his instalments. He also thought it should meet the costs he incurred in hiring a replacement van because he didn't feel safe using the van on long journeys.

Our investigator recommended that this complaint should be upheld. Motonovo had now agreed that the van was faulty when supplied. She thought Mr A had acted reasonably in hiring a replacement van for long journeys. She also said it had taken Motonovo five weeks to arrange to collect the van and return Mr A's deposit. During this time he wasn't able to start looking for another van, and had to hire a replacement van to use in his business.

As well as refunding the deposit, which it had now done, She said Motonovo should:

- pay Mr A compensation of £200 rather than the £100 it had offered; and
- refund the hire costs he had incurred plus interest from the dates he paid these. There were three invoices altogether for £700 (paid 19 June 2017), £1,050 (paid 1 September 2017), and £2,111.85 (paid 18 November 2017) respectively.

Motonovo agreed in principle to the investigator's recommendation. However it wasn't satisfied with the evidence of payment of the hire charges which Mr A produced. So it refused to refund these. It said:

- it couldn't find the hire company named on the invoices on the internet or on facebook;
- Mr A claimed to have paid all the invoices in cash while suffering financial hardship. It was difficult to substantiate such cash payments;

- there wasn't a VAT number on the invoices, or registration numbers for the vans hired; and
- the invoices and receipts were handwritten and weren't what it would expect from a reputable company.

The investigator said the hire company was a local firm which Mr A said he had used before and found satisfactory. She had found evidence of it on facebook. Mr A was running a small cash business, so she was satisfied with his explanation for paying the invoices in cash.

She thought the invoices and receipts Mr A had produced were sufficient evidence that Mr A had hired the vans when he was unable to use his own van, and he had acted reasonably in doing so. She didn't think it was realistic to ask for further evidence of the van hires from the hire company.

my findings

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

Motonovo has accepted that Mr A's van was faulty when supplied and that he was entitled to reject it. It has now taken it back and refunded his deposit of £3,000. It has refunded all the instalments Mr A paid, less five instalments in respect of the use he had of the van, and agreed to pay £200 compensation, which I consider is fair.

Motonovo agreed, in principle, to reimburse three invoices for the hire of replacement vans, plus interest from the date Mr A paid these. However when it examined the invoices and receipts it wasn't satisfied these were sufficient to justify payment for the reasons I have summarised above.

I have considered carefully what Motonovo has said. However, like the investigator, I accept Mr A's evidence that because of the condition of the van supplied to him, and the delay by Motonovo in collecting the van from him and refunding his deposit, he hired replacement vans when he did, and it was reasonable for him to do so. I accept his explanation of why he paid the invoices in cash.

I have looked on the internet and there is ample evidence that the hire company named on the invoices exists. It seems to have been in business since 2008, and its proprietor is even quoted in the local evening paper in connection with a car hire issue.

I can't say why the invoices weren't drawn up as VAT invoices. However I conclude that the invoices and receipts are sufficient evidence to establish that the vans were hired by Mr A as he said, and that he paid the amounts shown in the invoices. Accordingly I conclude it's fair and reasonable that Motonovo should reimburse these amounts with interest as set out more fully below.

my final decision

My decision is that I uphold this complaint. I order FirstRand Bank Limited (trading as Motonovo Finance) to:

1. pay Mr A compensation of £200;

2. refund the hire costs Mr A has incurred, namely £700 paid 19 June 2017, £1,050 paid 1 September 2017, and £2,111.85 paid 18 November 2017; and
3. pay interest on the hire costs mentioned in 2 above at the yearly rate of 8% simple from the respective dates the hire costs were paid until settlement ⁽¹⁾

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 26 February 2018.

Lennox Towers
ombudsman

⁽¹⁾ If Motonovo considers that it's required by HM Revenue and Customs to withhold income tax from that interest, it should tell Mr A how much it's taken off. It should also give Mr A a tax deduction certificate if he asks for this, so that he can reclaim the tax from HM Revenue and Customs if appropriate.