

complaint

Mr H complains about a car he obtained from The Car Finance Company (2007) Ltd through a hire purchase agreement. He refers to damage to the car and believes it wasn't of satisfactory quality when it was supplied to him.

Mr H is represented in the complaint by his partner but for simplicity I have referred to those submissions as if made by Mr H.

background

Mr H took out a hire purchase agreement in October 2014 to fund the cost of a car. The car was over 8 years old and had travelled more than 80,000 miles. Mr H believes the car should not have passed the MOT test before it was supplied to him as it had substantial damage. In particular, Mr H refers to various rust or corrosion parts of the car and believes that some of these should have resulted in the car failing the MOT test.

Mr H surrendered the car to The Car Finance Company as he experienced financial difficulties and entered into an IVA. He is unhappy that The Car Finance Company is still seeking payments from him for the outstanding amount still due under the hire purchase agreement.

Mr H's complaint was considered by one of our adjudicators but she didn't recommend it be upheld. She explained that she wasn't persuaded the car was not of satisfactory quality when it was supplied. She also didn't think it was unreasonable for The Car Finance Company to request the car's V5 registration form (log book) when the car was surrendered. The adjudicator also explained that as Mr H is now in an IVA he should discuss this account with his IVA practitioner.

Mr H didn't accept the adjudicator's findings so the complaint has been referred to me for a final decision.

my findings

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 have come to the same overall conclusions as the adjudicator, for what are broadly the same reasons.

Legislation says that when a car is supplied through a hire purchase agreement it must be of satisfactory quality. The test of satisfactory is what a reasonable person would consider when looking at the age and mileage, condition, and amount paid for the car.

In this instance, the car supplied was over 8 years old and had travelled more than 80,000 miles when it was supplied to Mr H. The price of the car reflected that and was therefore considerably cheaper than what it would have cost to buy a brand new car of the same model.

I think it's reasonable to expect a brand new car to be in perfect condition when supplied. But, it's unreasonable to expect a car that's 8 years old and had travelled 80,000 miles to be in the same condition as a new car. Mr H has provided numerous photographs of rust and corrosion areas of the car and believes these are so severe they should have resulted in the car failing its MOT test. While I have noted Mr H's comments about the severity of the

corrosion I'm not sufficiently persuaded these demonstrate the rust was so severe and should have resulted in the car failing its MOT test. Considering the age and mileage of the car, I also don't think this level of corrosion is unreasonable or unusual. Because of this, there is in my view insufficient evidence to demonstrate the car was not of satisfactory quality when it was provided to Mr H. I'm satisfied its general condition was what a reasonable person would expect of a car of this age, mileage and price.

Mr H also raised concerns about being required to return the car's V5 registration form when the car was surrendered. Like the adjudicator, I don't find this unreasonable or unusual. The document is for the registered keeper of the car and as Mr H was surrendering the car there was no requirement for him to keep the document. The V5 includes a tear off slip that Mr H could have completed to indicate he no longer had possession of the car. The remainder of the document would usually then remain with the car so the new registered keeper could update the details.

Mr H is now in an IVA and has surrendered the car back to The Car Finance Company. The hire purchase agreement wasn't part of the IVA and in the circumstances I would suggest Mr H speak to his IVA practitioner to see how this will now affect him and whether there are any grounds to include what is owed here in the IVA. That will be for the IVA practitioner and The Car Finance Company to decide and not Mr H.

I appreciate Mr H will remain unhappy with the decision I've reached here but there are no grounds for me to uphold this complaint. While I have some sympathy for the position he finds himself, Mr H should discuss his circumstances further with his IVA practitioner. The Car Finance Company should treat Mr H in a positive and sympathetic way if he is still experiencing financial difficulties. But this doesn't however mean it should write off some or all of what is still owed. There are no grounds for me to instruct The Car Finance Company to cancel or reduce what is still outstanding.

my final decision

My final decision is that I do not uphold this complaint. I make no award or direction against The Car Finance Company (2007) Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 10 March 2016.

Mark Hollands
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