

## **complaint**

Mr O complains that the car he acquired through a hire purchase agreement (HPA) with Secure Trust Bank Plc (the business) was not of satisfactory quality.

## **background**

Mr O entered into a HPA to acquire a used car. At the time of acquisition the car had been driven 94,000 miles.

Mr O says that within a couple of days lights came on the dash board relating to the glow plugs. He raised this with the dealer and was told it should be alright but to come back if it caused further problems.

A few weeks later Mr O says the steering rack failed. This was repaired however the second steering rack then failed. This was repaired and Mr O was assured the car would be fine. However he says that there were then issues with the glow plugs again followed by the engine management light coming on along with the diesel particulate filter (DPF) light.. He says that the car went into limp mode. The car was recovered and it was found a sensor had failed and the lights on the dash board were linked to the manifold.

Mr O says that at this time his three month warranty had run out and he was unable to get the issues fixed. Mr O also says that the central locking failed within the first few weeks and that the car is now showing issues with the exhaust gas recirculation (EGR) valve.

The business contacted the dealer about this complaint. The dealer says that there was an issue with the glow plugs and the steering rack and it agreed that Mr O should take the car to a local garage for all problems to be diagnosed. It says it was told it only needed to replace the steering rack which it did at no cost to Mr O. It says that had issue with the glow plugs been raised at that time it would have carried out any necessary repairs. There was a fault with the new steering rack and so a second replacement was fitted.

The dealer says that the other issues were raised after Mr O had the car for six months. It noted the age of the car and that it had been driven 94,000 miles when acquired and so wear and tear issues would be expected. It also noted that the diagnostics in September did not raise the issue of the manifold or EGR valve. It says that the issue with the DPF occurs when a car is not driven correctly.

The adjudicator upheld this complaint. He said that it was probable that some of the issues with Mr O's car had existed at the point of sale and these had not all been resolved. He recommended that Mr O be allowed to reject the car. The adjudicator noted the mileage Mr O had been able to drive and said that half his contributions towards the agreement should be refunded to reflect the considerable use that he had but also allow for the hassle that Mr O had been put through.

The business did not accept the adjudicator's view. It said that the diagnostic screen shots provided by Mr O were not dated and didn't have the vehicle registration on and so it could not confirm when the faults were present or that they related to Mr O's car. It said the screenshot from 12 June regarding an engine coil light illuminated did not confirm that there was a fault.

The business said that there were issues with the car in the first few weeks and that these were repaired by the dealer and Mr O agreed to this.

In regard to the diesel particulate filter (DPF) it said issues could occur depending on how the car was driven. It said Mr O had driven the car 10,000 miles since acquisition. It said that the issues with the manifold and EGR valve were not raised with the dealer within the first six months and it does not accept that these were present at the point of sale.

### **my findings**

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

Mr O acquired a car through a HPA. Under the regulations the business is liable if the car was not of satisfactory quality at the point of sale. The car Mr O acquired was registered in 2007 and had been driven 94,000. These factors are taken into consideration when assessing whether the car was of satisfactory quality.

The car experienced issues within the first few months. Both Mr O and the dealer have mentioned the steering rack, glow plugs and central locking. It was agreed that Mr O would take the car to a garage for diagnostics. The dealer says that at this point it was told that only the steering rack needed replacing.

I can see that the steering rack was replaced however this then failed and needed to be replaced a second time. Mr O accepted these repairs and they were carried out at no cost to him. Had this resolved all the issues I find that this would have been an acceptable remedy.

However, Mr O has raised further concerns about the steering rack and has said that the issue with the glow plugs is ongoing.

The dealer says it was aware of the issues with the glow plugs and the central locking within the first few weeks and I would have expected it to have carried out repairs in regard to these issues. It says that it was told it was only required to carry out repairs to the steering rack but given it was aware of other issues I would have expected these to have been addressed.

Mr O has raised other issues and I accept that some of these were raised after six months of ownership and so the onus would be on Mr O to show they were due to faults that were present at the point of sale. I also accept the business' comment that given the age and mileage of the car certain wear and tear issues should be expected.

However I find it more likely than not that the issues Mr O raised in regard to the steering rack, glow plugs and central locking were due to faults that were present at the point of sale. This is because they were raised within a short time of Mr O acquiring the car.

Repairs were carried out on the steering rack but not on the other items. Given the business has had the opportunity to carry out repairs and issues are still ongoing (and I note Mr O has raised with us further concerns about the steering rack), I find it is reasonable that he is now allowed to reject the car.

Mr O has been able to drive the car and has covered a substantial number of miles. This shows he has had fair usage of the car. However he has been inconvenienced by the issues

he experienced. The adjudicator recommended that Mr O be refunded half the payments he had made under the HPA. I find this reasonable to compensate for the inconvenience and loss of enjoyment these issues have caused.

### **my final decision**

My final decision is that I uphold this complaint. Secure Trust Bank Plc should:

1. cancel the HPA and take back the car at no cost to Mr O;
2. refund Mr O 50% of his payments under the HPA;
3. remove any adverse information from Mr O's credit file.

Item 2 is subject to 8% simple interest from the date of payment to the date of settlement.

If Secure Trust Bank Plc considers that it's required by HM Revenue & Customs to withhold income tax from that interest, it should tell Mr O how much it's taken off. It should also give Mr O a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 3 July 2017.

Jane Archer  
**ombudsman**