

The complaint

Mr E complains that a car supplied to him under a hire purchase agreement with AutoMoney Limited trading as AutoMoney Car Finance (“AutoMoney”) was of an unsatisfactory quality.

What happened

In February 2023, Mr E was supplied with a used car through a hire purchase agreement with AutoMoney. The agreement was for £11,995 over 60 months, with monthly repayments of £314.86. At the time it was sold, the car was around eight and a half years old and had done just over 88,000 miles.

Shortly after purchasing the car Mr E travelled to his home abroad. Whilst there the car suffered a fault. A local garage told Mr E that his car would require the turbo to be replaced and the diesel particulate filter required cleaning. In total Mr E paid the local garage €1978.75 for those repairs.

Although it had been unable to inspect the car, since it was located overseas and could not be driven, as a gesture of goodwill AutoMoney agreed to refund the cost of the repairs. But it said that it was unable to agree the car was not of satisfactory quality so refused Mr E’s request for additional compensation in relation to a hire car he had needed whilst his car was being repaired. Unhappy with that response Mr E brought his complaint to us.

Mr E’s complaint has been assessed by one of our investigators. He thought that, given the age of the car at the time it was sold, Mr E should have been aware some components might fail due to normal wear and tear. He said that the MOT carried out at the time of the sale didn’t suggest any problems with the car. And he thought that, given the car was overseas at the time of the repair, AutoMoney hadn’t had the opportunity to inspect the car, or provide Mr E with any alternative transport whilst the repairs were undertaken. So he thought that what AutoMoney had done, by refunding the repair costs, was a fair outcome to the complaint.

Mr E didn’t agree with that assessment. So, as the complaint hasn’t been resolved informally, it has been passed to me, an ombudsman, to decide. This is the last stage of our process.

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.

In deciding this complaint I've taken into account the law, any relevant regulatory rules and good industry practice at the time. I have also carefully considered the submissions that have been made by Mr E and by AutoMoney. Where the evidence is unclear, or there are conflicts, I have made my decision based on the balance of probabilities. In other words I have looked at what evidence we do have, and the surrounding circumstances, to help me decide what I think is more likely to, or should, have happened.

At the outset I think it is useful to reflect on the role of this service. This service isn't intended to regulate or punish businesses for their conduct – that is the role of the Financial Conduct Authority. Instead this service looks to resolve individual complaints between a consumer and a business. Should we decide that something has gone wrong we would ask the business to put things right by placing the consumer, as far as is possible, in the position they would have been if the problem hadn't occurred.

Mr E was supplied with a car under a hire purchase agreement. This is a regulated consumer credit agreement which means we're able to look into complaints about it. The relevant law – the Consumer Rights Act 2015 (CRA) - says, amongst other things, that the car should've been of a satisfactory quality when supplied. And if it wasn't, as the supplier of finance used to purchase the car, AutoMoney is responsible. What's satisfactory is determined by what a reasonable person would consider satisfactory given the price, description, and other relevant circumstances. In a case like this, this would include things like the age and mileage at the time of sale, and the vehicle's history.

The CRA also implies that, where a fault is identified within the first six months, it's assumed the fault was present when the car was supplied. So given the car broke down around two months after Mr E purchased the car, it would be for AutoMoney to establish that any faults were not present at the time of sale.

The car was over eight years old with over 88,000 miles on the clock at the point of supply. I consider a reasonable person would accept it's likely a car of this age and mileage would have some parts that were worn and need replacing or repairing sooner or later - which is reflected in the lower price paid compared to the price of a brand new vehicle. But I think Mr E also had a reasonable expectation that the car would be reasonably durable, taking its age and mileage into account.

I accept that the car being abroad when it broke down meant that AutoMoney didn't have the opportunity to make its own assessment of the fault. But the information Mr E has provided, both in terms of the receipt for the repairs and pictures of the damaged turbo, would lead me to conclude that it is most likely the car was not of satisfactory quality when it was supplied.

In situations like this I would expect that AutoMoney be provided with an opportunity to repair any problems that had arisen. Although the car being abroad meant that could not happen, I think it would be reasonable to conclude AutoMoney met its responsibilities under the CRA by agreeing to repay Mr E for the cost of the repairs.

I can see that Mr E says he needed to hire a car whilst his car was being repaired and has asked that AutoMoney refund those costs as well. I've thought carefully about that request. But on balance I don't think it would be fair to direct AutoMoney to make that payment. I think it would be reasonable, if it were repairing his car, for AutoMoney to provide alternative transport to Mr E. But here AutoMoney had no opportunity to make that offer given it wasn't told about the problems until after the repairs were completed, or any control over the length of time Mr E's car was off the road. I'm not persuaded that paying the costs of a hire car would be reasonable in these circumstances.

It seems that the repair of Mr E's car was successful. So although I don't think the car was of satisfactory quality when it was supplied I think that by paying for the repairs AutoMoney has met its obligations under the CRA. So, although I appreciate this decision will be disappointing for Mr E, I don't think his complaint should be upheld.

My final decision

For the reasons given above, I don't uphold the complaint or make any award against AutoMoney Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 13 June 2024.

Paul Reilly
Ombudsman