

The complaint

Mrs B complains about the way Advantage Finance Ltd has dealt with her concerns over the quality of a car it supplied to her under a hire-purchase agreement.

What happened

In May 2022 Mrs B entered into a 48-month hire-purchase agreement with Advantage for a used car. The car was first registered in October 2011 and had a mileage reading of around 73,000. It was priced just under £13,000.

The following April Mrs B contacted Advantage to say she'd experienced problems with the car. A local garage diagnosed these as a failing turbo, oil leak and severely worn tyre. Mrs B paid around £2,200 for repairs. Advantage says it told Mrs B that, due to the passage of time, for it to be liable she would need to provide an independent inspection as evidence that the car wasn't of satisfactory quality when supplied to her.

The car passed its subsequent MOT in May 2023, though noting an advisory over an ongoing oil leak. Unfortunately the car broke down in August and had to be recovered. By that point the car had covered nearly 88,000 miles. Mrs B came back to Advantage following this and the lender arranged an inspection and report through S, an independent third party.

Based on S's report, Advantage rejected Mrs B's claim. Its position was that the report indicated the likely cause of the problems was in line with ordinary wear and tear to be expected on a car of the age and mileage of the one supplied to Mrs B. S's report had noted the additional mileage undertaken by Mrs S while the car was in her possession, and expressed the opinion that the oil leak and subsequent engine damage developed after Advantage supplied it to Mrs B.

Mrs B is unhappy with Advantage's response. She is facing substantial repair costs – the report suggests a replacement engine is required – and can't afford them. As I understand it, her account has fallen into arrears, which by December 2023 stood at some £3,000.

Our investigator wasn't persuaded that, given the car's age and mileage and in light of S's report, it wasn't of satisfactory quality when Advantage supplied it to Mrs B, as required under the Consumer Rights Act 2015 ("CRA"). The investigator noted the work carried out on the car earlier in 2023, but she didn't consider this had a bearing on the claim outcome.

Mrs B didn't accept the investigator's assessment. She's asked for this review, as she's entitled to do under our rules.

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.

I've no doubt that the situation with the car has caused Mrs B worry and some significant financial pressure. I have empathy with her over this, as anyone would. But I'm afraid I am

going to disappoint her once again when I say that I've reached a similar conclusion to our investigator, and for much the same reasons as have previously been explained.

Due to the provisions of the CRA, the agreement between Advantage and Mrs B is to be read as including a term that the car would be of satisfactory quality. That means the quality a reasonable person would expect in the circumstances – taking into account, for example, factors such as the car's age, price and mileage.

When she took delivery of it, Mrs B's car was already over ten years old, and while its mileage was perhaps a little below average for its age, its price was significantly lower than a similar car would have cost new. It's reasonable to expect that such a car might need some repairs during the course of the hire-purchase agreement – not because of any inherent fault but due to the general wear and tear that happens to mechanical parts. S's report indicates the problems with this car would likely fall into that category, particularly noting the vehicle's general maintenance record.

I'm satisfied it's reasonable for Advantage to have placed reliance on S's report. It appears to have been compiled by an inspector with lengthy and relevant experience and qualification. I'm also conscious that Advantage has recognised Mrs B's situation and covered the cost of the report itself, although it wasn't necessarily obliged to do so. In light of the available evidence, I think it's unlikely the fact the car has developed what are undoubtedly serious faults would provide Mrs B with a successful claim in breach of contract. I think it's likely the costs of repair would be viewed as risks that go hand in glove with buying and running an older car.

By the time Mrs B acquired the car, it had covered 73,000 miles in over ten years. Mrs B added another 14,000 miles in the year or so she was able to use the vehicle. Whilst many cars of that age and mileage will not develop serious faults, I don't think I can safely assume that this car was not of satisfactory quality simply because it has developed problems at this stage of its life. That isn't what S's report indicates, and it's not for me to place my opinion or judgement over that of someone with expertise in this field.

I realise, of course, that this leaves Mrs B in a very difficult financial position. As I understand it, she's not in a position to repair the car but she remains liable for the total amount payable under the hire-purchase agreement. Although that situation doesn't form part of the current complaint, I would remind Advantage of its ongoing obligation to assist customers in financial hardship and arrears. I hope that between them, the parties are able to explore suitable forbearance measures that might alleviate the pressure Mrs B is currently facing.

My final decision

My final decision is that I do not require Advantage Finance Ltd to take any further steps to resolve Mrs B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 11 April 2024.

Niall Taylor
Ombudsman