

## The complaint

Mrs L complains that Advantage Finance Ltd ('Advantage') didn't do enough to put things right when a car supplied to her under a hire purchase agreement was found to be of an unsatisfactory quality.

When I refer to what Mrs L has said and what Advantage has said, it should also be taken to include things said on their behalf.

## What happened

In June 2023, Mrs L was supplied with a used car through a hire purchase agreement with Advantage. The price of the car was £18,061.07, and the total credit agreement was for £29,558.60 over 60 months. The monthly payments were £489.31, with the final payment including a £200 option to buy fee. At the time of supply, the car was around five years old and had done 74,170 miles.

From July 2023 onwards, Mrs L returned the car to the dealership for the same repair on a number of occasions. In October, the dealership refused to carry out any further repair, so Mrs L raised a complaint with Advantage. She said she wanted to reject the car in line with her rights under the Consumer Rights Act 2015 (CRA) because she didn't think the car had been of satisfactory quality from the start of the hire purchase agreement.

Advantage arranged an independent technical inspection, which took place on 25 October. Over the next three weeks, Mrs L contacted Advantage to ask for an update on the inspection report. Advantage explained that it had received the report, but it wasn't clear whether it indicated a previous failed repair. So Advantage had been seeking clarification from the inspector. In light of the delay, Advantage offered Mrs L £100 as a gesture of goodwill, which she accepted.

In November, four weeks after the inspection, Advantage told Mrs L that the fault was classed as a failed repair. Therefore, it would enforce her right to reject the car in line with the CRA. However, a few days later, Advantage told Mrs L that the independent inspector agreed with the dealership that it was not a failed repair, so it would be enforcing a repair rather than rejection.

Mrs L didn't agree with the decision and asked Advantage to look into her complaint. In mid-December, Advantage told Mrs L to claim against the dealer. She continued to pursue her right to reject the car, which Advantage accepted on 19 December 2023.

Advantage sent its final response to Mrs L's complaint, dated 29 December 2023, in which it said it would remove the credit agreement and refund all payments, totalling £2,935.86. Mrs L was unhappy with this as an outcome, so she brought her complaint to us.

One of our investigators looked into Mrs L's complaint, but he didn't think it was one we should uphold. He said Advantage had unwound the agreement and refunded all the payments, totalling £2,935.86 without deducting a usage fee for the time Mrs L had the car. Further to this, our investigator noted that Advantage wrote off the £1,043.23 balance

remaining for the car Mrs L had part-exchanged when she took out the agreement. As the balance would've been due, our investigator thought Advantage had done enough to put things right by clearing it, as a gesture of goodwill, and notifying the credit reference agencies that the account was settled.

Mrs L didn't agree that Advantage had done enough. After further communication with our investigator, she asked for £1,000 compensation for the upset, inconvenience of being without a car for weeks at a time, and the worry caused in respect of travel to work and her family caregiver responsibilities. Our investigator remained of the view that Advantage had done enough to put things right, so the complaint was passed to me to decide.

### **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.

Having done so, I've reached the same overall conclusions as our investigator, and for broadly the same reasons. I understand Mrs L doesn't think all of her evidence was taken into consideration. I'd like to reassure her that I have looked at everything she's sent. That includes her detailed timeline of events, the inconvenience she described of being without a car, and I've noted events that happened after she received the final response letter from Advantage.

If I haven't commented on any specific point or piece of evidence, it's because I don't believe it's affected what I think is the right outcome. Where evidence has been incomplete or contradictory, I've reached my view on the balance of probabilities – what I think is most likely to have happened given the available evidence and wider circumstances.

In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and what I consider was good industry practice at the time. Mrs L was supplied with a car under a hire purchase agreement. This is a regulated consumer credit agreement which means we are able to investigate complaints about it.

The Consumer Rights Act 2015 (CRA) covers agreements such as the one Mrs L entered into. Under this agreement, there is an implied term that the goods supplied will be of satisfactory quality. The CRA says that goods will be considered of satisfactory quality where they meet the standard that a reasonable person would consider satisfactory – taking into account the description of the goods, the price paid, and other relevant circumstances.

#### *Single Chance at Repair*

Section 24(5) of the CRA says "a consumer who has ... the right to reject may only exercise [this] and may only do so in one of these situations – (a) after one repair or replacement, the goods do not conform to contract." This is known as the single chance of repair and it applies to all repairs. That is, it's not a single chance of repair for the dealership AND a single chance of repair for Advantage – the first attempted repair is the single chance at repair. What's more, if a different fault arises after a previous repair, even if those faults aren't related, the single chance of repair has already happened – it's not a single chance of repair per fault.

The CRA is clear that, if the single chance at repair fails, then the customer has the right of rejection.

In this instance, Advantage agreed that the car repair had failed, and it enforced Mrs L's right to reject it. As this isn't disputed, I have focused on the events leading to the agreement being unwound, and the time taken to do so, to decide whether Advantage did enough to put matters right.

### *Impact on Mrs L*

I've considered Mrs L's description of how the car quality impacted her daily life, including:

- Worry about her travel to work and getting her children to school.
- Concerns about being able to provide the necessary care for a family member.
- Being unable to rely on the car.
- Sleepless nights.
- Chasing updates on repairs and her request to reject.
- Delay in unwinding the agreement after she first asked.

I think it's fair to say that the overall experience had a negative impact on Mrs L. Therefore, it's reasonable to expect Advantage to address this.

### *What did Advantage do?*

To begin with, I've thought about what Advantage should've done when Mrs L asked to reject the car. I'd have expected it to arrange an independent inspection. On confirmation that the car repair had failed, I'd have expected it to unwind the hire purchase agreement.

Advantage's actions were in line with the CRA and what could reasonably be expected. However, the evidence shows that it didn't take action as quickly as it could've done, and it caused confusion by making a decision, changing it, and then changing it back again. So I can see why Mrs L felt let down here.

It's clear that Mrs L has been inconvenienced by having to arrange for the car to be repaired, and by this repair being unsuccessful. So, I think it's reasonable to expect Advantage to compensate Mrs L to reflect the distress and inconvenience caused.

### *Compensation*

Because Mrs L had used the car, albeit between repairs, Advantage would've been entitled to withhold some of the payments she'd made in line with the fair usage terms. Advantage said the car had done around 4,500 miles in the six months Mrs L had it, and Advantage estimated the usage cost as £1,147.50. However, Advantage refunded all of Mrs L's payments – a sum of just under £3,000 - without making any deduction for her usage. As that's more than would've been required of Advantage, I'm satisfied that an element of this refund can reasonably be deemed compensation for the impact on Mrs L caused by this matter.

Advantage wrote off an outstanding balance of £1,043.23 from her hire purchase agreement. The balance was the reinstated settlement amount from her part-exchange after Advantage ended the agreement, and it's a balance she would've been responsible for paying. Therefore, I think it's reasonable to class this as further compensation.

In addition, Advantage paid Mrs L £100 as a gesture of goodwill for its delay in obtaining confirmation of the failed repair.

In summary then, after around five months' delay, Advantage ended Mrs L's hire purchase agreement due to the failed repair. I have no reason to doubt the inconvenience Mrs L described, so it's reasonable that Advantage should compensate her for its part in that. Having considered the evidence carefully, I'm satisfied that Advantage has already compensated Mrs L fairly for the upset and inconvenience caused. Therefore, I see no reason to require Advantage to pay Mrs L any further compensation.

### *Credit file*

As a final point, Mrs L has commented on matters relating to her credit file. The disputed record and any action Advantage took to rectify it arose after its final response to Mrs L's complaint, and after she brought it to our service. Therefore, it's not within my remit to consider it here. Mrs L would first need to give Advantage the opportunity to put matters right in relation to this new complaint. To be clear, I have not made any finding on the matter of Mrs L's concerns regarding her credit file.

### **My final decision**

For the reasons explained, my final decision is that I don't uphold Mrs L's complaint about Advantage Finance Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L to accept or reject my decision before 17 September 2024.

Debra Vaughan  
**Ombudsman**