

The complaint

Miss S complains about the quality of a new car that was supplied through a hire purchase agreement with Black Horse Limited trading as Land Rover Financial Services (BHL).

What happened

In February 2021 Miss S entered into a hire purchase agreement with BHL to finance a new car. The cash price of the car was £87,460. A deposit of £7,961 was paid which included a manufacturer deposit allowance. So, the total amount financed on the agreement was £79,499.00.

Miss S was due to make 48 repayments of £1,225.80 and a final payment of £36,106 if she wanted to keep the car.

Miss S said that after about two years of using the car the engine light came on. Despite having it checked over, the issues recured and the car went into lip mode and cut out, so the car was recovered for repair. Miss S says the courtesy vehicle she was given whilst her car was in for repair was not adequate for what she was paying each month. Miss S said when she collected her car following repair it cut out again.

In October 2023 Miss S complained to BHL about the issues she was having with the car.

In December 2023, BHL issued their final response to Miss S' complaint. In it, they said they wouldn't uphold the complaint as there was no evidence the car was of unsatisfactory quality when it was supplied to her.

Unhappy with their response, Miss S brought her complaint to our service where it was passed to one of our investigators for investigation. In January 2024, Miss S told the investigator that the only issue being experienced with the car was a sound with the steering. She said the repairs were covered by the warranty and so no financial loss was suffered. However, to resolve things, Miss S says she wants to be compensated. She'd also like BHL to purchase the car back and to end the agreement.

In their file submission to us BHL confirmed the car was recovered to a dealership in August 2023, they confirmed the mileage at that point was 24,547. They also confirmed the following work was carried out:

- ew matter sensor fitted N
- ew Exhaust Gas Recirculation (EGR) fitted N
- ew Diesel Particulate Filter (DPF) fitted N

BHL also said the dealership advised a faulty sensor was the root cause of the issues which led to further damage. However, their understanding was that the car had been fully repaired since November 2023.

Having reviewed all the information on file the investigator recommended that Miss S' complaint should be upheld.

The investigator concluded the car wasn't of satisfactory quality when it was supplied to Miss S. The investigator considered as the car was new when it was supplied, it shouldn't have suffered the issues when it did. However, they felt the repairs carried out were successful. The investigator felt that Miss S should be awarded £250 in compensation for the distress and inconvenience caused.

Miss S didn't accept the investigator's assessment. She didn't believe £250 was sufficient to recognise the distress she experienced at the time. However, as the investigator's view remained unchanged, Miss S asked that her complaint be referred to an ombudsman for a final decision.

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 considering what is fair and reasonable, I've thought about all the evidence and information provided afresh and the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider to have been good industry practice at the relevant time.

Miss S complains about a hire purchase agreement. Entering into consumer credit contracts like this is a regulated activity, so I'm satisfied we can consider Miss S' complaint about BHL. BHL is also the supplier of the goods under this agreement, and is responsible for a complaint about their quality.

The Consumer Rights Act 2015 (CRA) is relevant in this case. It says that under a contract to supply goods, there is an implied term that "*the quality of the goods is satisfactory, fit for purpose and as described*". To be considered as satisfactory, the CRA says the goods need to meet the standard that a reasonable person would consider satisfactory, considering any description of the goods, the price and all the other relevant circumstances. The CRA also explains the durability of goods is part of satisfactory quality.

So, it seems likely that in a case involving a car, the other relevant circumstances a court would consider might include things like the age and mileage at the time of sale and the vehicle's history.

Here, the car was acquired brand new, with a cash price of around £87,460. So, I think it's fair to say that a reasonable person would expect the level of quality to be higher than a used or more road-worn car and that it could be used – free from defects – for a considerable period of time

From the information provided I'm satisfied there was a fault with the car. This is apparent from a technician's job card detailing the replacements of the DPF and EGR and valve in November 2023. The job card also confirms fault codes were identified in August 2023. In addition, neither party has disputed that there were issues with the car. Having considered the car had some faults, I've considered whether it was of satisfactory quality at the time of supply.

Miss S told us that she hadn't experienced any issues with the car for the first two years, and that it was in August 2023 when the engine management light came on and when it went

into limp mode. This is consistent with the job cards and the timeline of events provided by BHL. The job cards confirm Miss S had travelled 24,547 miles at this point. However, in consideration that the car was supplied brand new, I don't think it's reasonable to expect this issue would occur within the first few years. Particularly in consideration that I have no evidence that this was caused by other means. So, in the circumstances, I'm satisfied the car wasn't of satisfactory quality when it was supplied. I think it's likely the components that were replaced, were not suitably durable.

Having said that, both parties have confirmed that the issues were repaired. And As Miss S has confirmed the issues have not recurred, I'm also satisfied that the repairs carried out were successful.

As the issues occurred after the first 30 days following supply, Under the CRA, BHL is allowed an opportunity to repair, which I'm satisfied they've done. I recognise Miss S said the car had to go in for repairs on more than one occasion, however I've no evidence that Miss S requested a rejection of it after the first repair attempt. So, I'm satisfied BHL acted fairly in having the issues repaired.

Miss S also complained about the courtesy car she was provided with and the distress she experienced as a result of the issues.

In February 2024 Miss S told the investigator the issue wasn't with the courtesy car or its specification, rather that she didn't think the car was suitable or appropriate for the amount she was paying each month.

I've no evidence to say the courtesy car provided wasn't of a suitable specification, for example I've not seen anything in the terms of the agreement where it mentions the standard of courtesy car in the event of repair. However, I think it's reasonable that a dealership would provide a courtesy car based on availability. I recognise Miss S was paying a significant amount towards her agreement each month; however, I'm not persuaded Miss S was treated unfairly here, in being kept mobile whilst her car was being repaired.

Miss S described the distress she experienced as a result of the issues with her car. For example, she told us about how she felt when it went into limp mode and when she had to drive it whilst the engine light was illuminated. I also acknowledge what Miss S has said about what she believed could have happened had the issues occurred moments later when she was on a different road.

I've considered all what she has said but I think what the investigator has offered is fair in the circumstances. Miss S hasn't incurred any financial loss and I don't think it's reasonable to award compensation for what may have happened. I acknowledge Miss S strength of feeling about the situation, however I'm satisfied that £250 is a fair recognition of the inconvenience caused as a result of the issues with Miss S' car. So, I'll be instructing BHL to pay this amount to her.

My final decision

My final decision is that I uphold Miss S complaint about Black Horse Limited trading as Land Rover Financial Services and instruct them to:

- Pay Miss S £250 in compensation for the distress and inconvenience caused

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 13 December 2024.

Benjamin John
Ombudsman