

The complaint

Miss C complains that a car acquired with finance from Blue Motor Finance Ltd (“BMF”) wasn’t of satisfactory quality.

What happened

On 23 August 2023 Miss C was supplied with a car and entered into a hire purchase agreement with BMF. The cash price of the car was £5,400. At the point of supply the car was around 8 years old and had covered around 85,565 miles.

Around a week after getting the car Miss C experienced issues with the engine management light illuminating. She reported the issue to the supplying dealer who advised Miss C to take the car to Premier Vehicle Services for a diagnostic, the cost of which it agreed to cover.

A diagnostic was completed on 7 September 2023. A fault code (P0171) was found. The garage who carried out the diagnostic told Miss C that the code was vague and that the supplying dealer had refused to pay for further investigation. No repairs were carried out.

Around three weeks later the engine management light illuminated again. Miss C reported this to the supplying dealer, but it said it wasn’t willing to pay for a further diagnostic.

Miss C took the car to Vauxhall main dealer for a health check. The check found the same fault code as before (P0171 – system too lean) and identified several issues with the car which it said required immediate attention. The Vauxhall main dealer provided a quote to fix the issues which Miss C sent to the supplying dealer.

Miss C said the supplying dealer stopped communicating with her after she sent the quote for repairs.

Miss C complained to BMF in October 2023. BMF arranged for an independent inspection of the car. The inspection took place at the end of November 2023.

The inspection found a fault code which was the same as before (P0171 – system too lean). It also found corrosion on all brake discs with advance wear lipping on the front discs. It found general oil seepage within the engine bay but no identifiable major leaks. The car was road tested and no further issues were noted with the brakes or the handbrake. The report noted a moderate degree of drive line vibration when accelerating, indicative of drive shaft wear. The report concluded that the cars condition was commensurate with its age and mileage and showing signs of wear and tear to the suspension, steering and braking components which it would be advisable to repair. It said the recent health check was “alarmist”. It stated that there were no health and safety issues with the car but that the selling agent should investigate the source of the vibration and repair as necessary.

Based on the findings of the independent inspection report, BMF upheld Miss C’s complaint. In its final response it said the supplying dealer would carry out a diagnostic on the vibration and the recurring engine management light.

Miss C said the supplying dealer booked the car in for a further diagnostic following the independent inspection. She said the same fault code as before was identified. She said the coolant pipe was replaced and the steering column was corrected. The car was also put through an MOT.

When the car was returned to Miss C the engine management light illuminated again after a few days. Miss C contacted BMF and raised a new complaint (the previous complaint having been closed by BMF following its final response). Miss C said that she'd contacted BMF around a week later and was advised that BMF had spoken to the supplying dealer who were prepared to consider swapping the car but wouldn't accept the car with the engine management light illuminated.

Miss C brought her complaint to this service.

Our investigator asked Miss C to obtain a further diagnostic. Miss C supplied this. The same fault code as before was found.

Our investigator upheld the complaint. She said she was satisfied that there was a fault with the car as evidence by the recurring fault code (P0171) and that the supplying dealer had been given a reasonable opportunity to repair the car and that the repair had failed. The investigator said that Miss C should be allowed to reject the car.

BMF didn't agree. It said the supplying dealer hadn't heard from Miss C since it had repaired the coolant pipe and carried out the MOT. It said the supplying dealer wasn't aware of a recurring fault.

Our investigator reminded BMF that Miss C had made it aware that the fault had returned and that the repair undertaken by the supplying dealer hadn't fixed the issue and that it (BMF) had further contact with the supplying dealer about this. The investigator said that BMF hadn't acted fairly by not allowing a rejection.

BMF still didn't agree and asked for an ombudsman to review the complaint.

Since then, Miss C has received a final response to her second complaint. BMF said it had contacted the supplying dealer to advise them about the engine management light on 23 January 2023 and had asked Miss C to arrange to have the car looked at and send a diagnostic report. BMF said it had asked Miss C on 19 February 2023 for the diagnostic report and had advised her that if this wasn't received by 22 February 2023 it would close the complaint. BMF said that as of 5 March 2024 (the date of the final response) it hadn't received a diagnostic from Miss C and that it was rejecting and closing the complaint due to a lack of evidence.

This service had sent BMF a copy of the further diagnostic report obtained by Miss C with the investigator's view on 8 February 2024 and again on 29 February 2024.

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.

The Consumer Rights Act 2015 is relevant to this complaint. This says that goods must be of satisfactory quality when supplied. Cars are of satisfactory quality if they are of a standard that a reasonable person would regard as acceptable, taking into account factors such as the age and mileage of the car and the price paid. The legislation says that the quality of goods includes their general state and condition, as well as things like fitness for purpose,

appearance and finish, freedom from minor defects, safety and durability.

The car supplied to Miss C was around 8 years old and had covered around 85,565 miles. So its reasonable to expect that parts of the car would already have some wear and tear and that it was likely to require repairs sooner than, say, a brand new car.

Under the Consumer Rights Act 2015, where a fault occurs with a car within the first six months of the point of supply, its assumed that the fault was present or developing at the point of supply and its generally up to the business to put things right. The business is allowed one opportunity to repair the fault. If the repair isn't successful, the consumer can reject the car.

I've reviewed the available evidence about the issues which Miss C experienced with the car. Based on what I've seen, I'm satisfied that the car has a fault. I say this because the engine management light illuminated after just one week. I can see that this issue was raised with the supplying dealer on 1 September 2023. The diagnostic report completed on 7 September 2023 confirms the fault code as P0171 – system too lean.

There have been four diagnostic reports carried out on the car between September 2023 and February 2024. Each diagnostic has found the same current fault code of P0171.

The vehicle health check carried out in October 2023 found the same fault code. It also identified several other faults with the car.

I've gone on to consider whether the car was of satisfactory quality when it was supplied.

The engine management light illuminated within such a short time of Miss C getting the car that I don't think there can be any question that the fault was present at the point of supply. The fault code was diagnosed at the diagnostic test on 7 September 2024 but despite this, there appears to have been no attempt by the supplying dealer to take any steps to rectify the fault.

The vehicle health check on October 2023 identified the same fault code. The independent inspection dated November 2023 identified the same fault code.

I don't think a reasonable person would expect to have the engine management light illuminate so soon after purchasing a car. I'm persuaded that the car wasn't of satisfactory quality at the point of supply.

Based on what I've seen, the evidence supports a recurring fault. I'm satisfied that the supplying dealer was made aware of the recurring fault code in September 2023 and on several occasions following this, but it hasn't taken any steps to repair the fault.

I can see that the supplying dealer arranged for repairs to the car in January 2024 following the independent inspection report. The independent report identified issues with vibration which it said was the responsibility of the supplying dealer to address. The independent report also identified the recurring fault code. Given the recurring nature of the fault code I would've expected the supplying dealer to rectify this when it arranged for the car to be repaired. I don't know what exactly repairs were carried out because no paperwork has been supplied. BMF has said that the coolant pipe was replaced and an MOT was carried out. Miss C has provided testimony that the engine management light illuminated again when the car was returned to her following repairs and a subsequent diagnostic (a copy of which has been sent to BMF by this service) diagnosed the same fault code as before.

Its reasonable to conclude that the repairs have failed because the fault code is still current.

Putting things right

Based on the evidence I've seen, I'm satisfied that the business has had a reasonable opportunity to repair the fault. The fault code is still current despite the car having been for repairs in January 2024. I'm persuaded that the repairs were unsuccessful, and that Miss C should now be allowed to reject the car.

Miss C has been without the use of the car for long periods of time. Following the health check in October the car remained at the garage for several weeks whilst the independent inspection was arranged. The health check stated that the car wasn't safe to drive, and I think it was reasonable for Miss C not to drive the car in the light of this advice. Miss C has only been able to cover around 1000 miles in the car during the 5 months she's had it, which supports her testimony that she's been without the use of the car because of the fault and has had to use public transport. I've taken Miss C's impaired use of the car into consideration, and I think it's fair to ask BMF to recognise this by refunding the monthly rentals.

Miss C has had to pay for a health check and a further diagnostic test. I don't think she should have had to do this, because the first diagnostic test identified the current fault code, and the supplying dealer had the opportunity to rectify this in September 2023. The subsequent diagnostic tests all showed the same recurring fault code, which I have found makes the car of unsatisfactory quality. I'm therefore asking BF to refund the costs of diagnostic test and health check that Miss C paid for, upon Miss C providing evidence of these costs.

It's clear that Miss C has been caused a significant degree of distress and inconvenience as a result of being supplied with a car which wasn't of satisfactory quality. I think it's fair to ask BMF to pay compensation in recognition of this.

My final decision

My final decision is that I uphold the complaint. Blue Motor Finance Ltd must:

End the agreement with nothing further to pay

Arrange for the car to be collected at no cost to Miss C

Refund all of the monthly repayments save for the first months repayment

Refund the deposit of £600

Refund the cost of all diagnostic checks and health checks paid for by Miss C upon her providing evidence of these costs

Pay 8% simple interest on all amounts refunded calculated from the date of payment to the date of settlement

Pay compensation of £200 for distress and inconvenience

Remove any adverse information from Miss C's credit file in relation to the agreement

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 8 April 2024.

Emma Davy
Ombudsman