

The complaint

Mr H complains that the car he acquired through a hire purchase agreement with Advantage Finance Ltd wasn't of satisfactory quality. He says that he has allowed the dealer opportunities to carry out repairs, but issues remain. Mr H wants to reject the car.

What happened

Mr H acquired a used car through a hire purchase agreement with Advantage Finance in October 2022. He says that since acquisition he has experienced several issues and warning lights coming on with the first issues occurring the day after collection. Mr H says that although the car has been returned to the garage on several occasions the issues haven't been resolved.

Advantage Finance issued a final response to Mr H's complaint dated 20 October 2023. It said that it paid for independent inspections of Mr H's car to take place, and these reported that the issues Mr H was experiencing were either unlikely to have been present at the time of supply or were age-related and due to wear and tear. Therefore, it said Mr H was responsible for the cost of the repairs.

Mr H wasn't satisfied with Advantage Finance's response and referred his complaint to this service.

Our investigator didn't uphold this complaint. He said Mr H had raised issues regarding the car's transmission, fuel gauge and electric window and that two independent inspections had taken place. He said the inspection reports concluded that the issues Mr H had experienced with his car were consistent with age related wear and tear. He said the price Mr H paid for the car was lower than the estimated retail price and said this may have been indicative of the overall condition of the car. Based on the evidence, particularly the inspection reports provided, our investigator didn't find that Mr H's car was of unsatisfactory quality at supply.

Mr H didn't agree with our investigator's view. He provided further evidence to support his case including evidence showing the cost to repair the issue with the gearbox. This didn't change our investigator's view. Mr H reiterated the issues he had experienced with the car and that he had provided opportunities for repairs to take place but repairs hadn't happened and issues remained. He said that Advantage Finance had been aware of all the issues and had talked him out of rejecting the car shortly after acquisition. He said the car hadn't been driveable for several months and he didn't accept that his complaint had been fully investigated.

As a resolution hasn't been agreed, this complaint has been passed to me, an ombudsman to issue a 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.

Mr H acquired a used car through a hire purchase agreement in October 2022. Under the regulations, Advantage Finance can be held liable if the car wasn't of satisfactory quality at the point of supply. When assessing whether a car was of satisfactory quality factors such as the car's age, mileage and price can be taken into consideration. In this case, the car Mr H acquired was over 11 years old and had been driven over 101,000 miles. The price Mr H paid for the car was £6,369 which was lower than the estimated retail price for the car given its age and mileage.

Mr H experienced issues with the car soon after collection. I can see from the information provided that a few days after collecting the car Mr H returned it to the garage due to the rear windows not working properly. A few days later, Mr H said that there were issues with the diesel particulate filter (DPF) and warning lights had come on. I have looked at the evidence Mr H has provided and listened to a call which took place with Advantage Finance on 15 November 2022 (around two weeks after Mr H received the car). On this call Mr H explains the issues of the warning lights coming on, the DPF and the window. On the call Mr H was told that he would have the right to reject the car if the issues were confirmed as faults as he had been in possession of the car for less than 30 days. Advantage Finance asked Mr H what he would like to do, and he said he would consider his options. So, while there were issues with the car shortly after acquisition, as Mr H didn't exercise his short term right to reject, I do not find I can say Advantage Finance was required to do anything further at that time.

Mr H contacted Advantage Finance again at end January 2023, about issues with the car's fuel sensor. He noted that he had needed to return the car on three occasions. I can understand why Mr H was frustrated by the experience he was having. But for me to say that Advantage Finance was required to do anything further I would need to establish that the issues with the car were due to faults that were present with the car at supply, were ongoing, and meant that the car wasn't of satisfactory quality at the point of supply.

The garage was unable to identify the fault causing the issue with the fuel sensor. Given Mr H had raised this issue within the first six months of having the car, I find it reasonable that Advantage Finance arranged for an independent inspection to be undertaken to establish whether the fuel sensor issue was due to a fault present or developing at the point of supply.

The independent inspection was carried out on 24 February 2023. The mileage at that time was recorded as 103,427. The inspector said he was advised that a reported gearbox defect appeared to have disappeared and only occurred in very cold weather. It recorded the car's engine coolant and oil levels as correct. Mr H had said the fuel tank was around a third full, but the fuel level gauge read as 'zero' and the fuel warning light was illuminated. The inspector said the engine was operated for several minutes and no further defects were noted.

The inspector checked the electric windows and found the nearside front window wasn't working properly. It was further noted that an outer heater vent wasn't opening automatically.

The report concluded that the fuel level gauge had an intermittent issue but that this wouldn't prevent the car from being considered as fit for purpose. It said it was unlikely the issue with the electric window was present at supply (I note the initial window issue was raised regarding the back windows but that Mr H sent a message about an issue with the nearside passenger window to the garage dated 14 November 2022) and that the heater vent issue was minor and acceptable given the car's mileage.

Following the issues addressed in the February 2023 report, Mr H raised further issues with Advantage Finance in September 2023. He said the initial issues he reported hadn't been

resolved and that he had been told that the issue with the fuel sensor was due to a crack in the wire. Mr H noted a transmission fault with a warning light and the car not moving out of first gear. He provided a copy of a recovery company breakdown report from September 2023 (when the car's mileage was 106,231) which stated a full gear box overhaul was needed.

Due to the issues raised Advantage Finance arranged for a second independent inspection report to be carried out. I find this reasonable.

The independent inspection took place in October 2023. This reported the car starting quickly from cold and all warning lights extinguishing normally. When the inspector attempted to drive the car, it did move but this was jerky and noisy. The fuel gauge read as low even though Mr H said the tank was about half full. The report stated that the transmission drive take was harsh which it said was due to worn transmission clutches (but said this would need to be confirmed). It said it believed the transmission clutch needed to be replaced but given the mileage of the car this was due to age-related wear, and this hadn't failed prematurely. While the fuel gauge issue couldn't be confirmed it said it didn't dispute this but again said this was due to age-related wear and tear rather than there being a fault.

Mr H has provided further evidence of the discussions he has had in regard to his car, specifically showing the need for a new gearbox and the quotes for this. I have taken the information provided into account and do not dispute that there is now a fault with the transmission. But the issue is whether this fault was present at supply and given the mileage Mr H was able to drive before this issue arose, and noting the overall mileage of the car, I do not find I have enough to say that this issue means the car wasn't of satisfactory quality at supply.

In this case, while I have considered all evidence provided, I have placed most weight on the independent inspection reports. These said that the issues with the transmission and fuel sensor, were more likely than not due to wear and tear. So, while I understand why Mr H is upset by the experience he has had, in this case as the issues with the car are more likely than not due to wear and tear, I do not find require Advantage Finance to take any further action.

In conclusion, taking everything into account, given the age and mileage of the car Mr H acquired, I do not find it unreasonable that issues could arise, even shortly after acquisition. I also note that the car was supplied at a lower price than the guide price which could reflect the car's condition. So, in this case, for the reasons set out above, I do not find I have evidence to show the car wasn't of satisfactory quality at the point of supply. Therefore, I do not uphold this complaint.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 3 September 2024.

Jane Archer
Ombudsman