

## The complaint

Mrs B is unhappy that a car supplied to her under a hire purchase agreement with Toyota Financial Services (UK) Plc trading as Redline Financial Services (Redline) was of an unsatisfactory quality.

## What happened

In August 2023, Mrs B was supplied with a used car through a hire purchase agreement with Redline. The agreement was for £14,353.50 over 49 months; with 48 monthly payments of £199.02 and a final payment of £10,597.50. At the time of supply, the car was just over three years old, and had done 24,690 miles.

The day after collecting the car, Mrs B complained to the supplying dealership that she was having problems with the infotainment system. The car was inspected on 5 September 2023, and the job card for this confirms *“check for media touch screen Inop – only 2 small spots on screen where touch screen works. Limited use of screen due to problems.”*

The car was booked into a manufacturer’s workshop on 1 November 2023, and they said that a new media screen was required. However, this part wasn’t available and, while it was put on back order, it was unknown as to when it would become available. Unhappy with this, Mrs B complained to Redline.

Redline accepted there was a fault with the car, and that a replacement part was required. However, they said that *“given the age and mileage of the vehicle, it is expected that as the vehicle is being used regularly that wear and tear issues might occur, and the vehicle will need to be reviewed and repaired as part of the vehicle’s maintenance whilst it is in your possession.”* Because of this, Redline didn’t uphold Mrs B’s complaint, but they did offer her a £100 goodwill gesture for her *“loss of enjoyment and inconvenience.”*

Mrs B didn’t accept Redline’s offer, and she brought her complaint to the Financial Ombudsman Service for investigation.

Our investigator said the fault with the car was present when it was supplied to Mrs B, and this made the car of an unsatisfactory quality. As the repairs had been eventually completed on 8 February 2024, the investigator said that Redline should refund 10% of the payments Mrs B had made during the period the car had a fault, as well as paying her a total of £200 for the inconvenience she suffered.

Redline didn’t respond to the investigator’s opinion. Under our process, we assume this means they have rejected the recommendations. As such, this matter has been passed to me to make 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.

Having done so, I've reached the same overall conclusions as the investigator, and for broadly the same reasons. If I haven't commented on any specific point, 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 (if appropriate) what I consider was good industry practice at the time. Mrs B was supplied with a car under a hire purchase agreement. This is a regulated consumer credit agreement which means we're able to investigate complaints about it.

The Consumer Rights Act 2015 ('CRA') says, amongst other things, that the car should've been of a satisfactory quality when supplied. And if it wasn't, as the supplier of goods, Redline are responsible. What's satisfactory is determined by things such as what a reasonable person would consider satisfactory given the price, description, and other relevant circumstances. In a case like this, this would include things like the age and mileage at the time of sale, and the vehicle's history and its durability. Durability means that the components of the car must last a reasonable amount of time.

The CRA also implies that goods must conform to contract within the first six months. So, where a fault is identified within the first six months, it's assumed the fault was present when the car was supplied, unless Redline can show otherwise. But, where a fault is identified after the first six months, the CRA implies that it's for Mrs B to show it was present when the car was supplied.

So, if I thought the car was faulty when Mrs B took possession of it, or that the car wasn't sufficiently durable, and this made the car not of a satisfactory quality, it'd be fair and reasonable to ask Redline to put this right.

Based on the evidence I've seen, I'm satisfied there was a fault with the car's infotainment system – the touch screen wasn't working, and the part to fix this wasn't available until February 2024, around six months after the fault was first identified.

While I've noted Redline's comments about wear and tear, and Mrs B's requirements to maintain the car, the fault was first identified the day after the car was supplied to her. As such, under the CRA, unless Redline can show the fault wasn't present or developing when the car was supplied to Mrs B, they are responsible for putting things right. As Redline haven't provided any evidence i.e., a report from an independent engineer that shows the fault wasn't present at supply, I'm satisfied they need to do something to put things right.

### **Putting things right**

Mrs B has been able to use the car while it was in her possession. And, while it was being repaired, she was also provided with a courtesy car to keep her mobile. Because of this, I think it's only fair that she pays for this usage.

However, given there was an issue with the car from 16 August 2023 (the date of supply) and 8 February 2024 (when this fault was fixed); I'm also satisfied that Mrs B's usage and enjoyment of the car has been impaired. Because of this, I think it's fair that Redline refund some of the payments Mrs B made. And I think 10% of the payments made between these dates fairly reflects the impaired use caused by the car not being of a satisfactory quality.

It's also clear that Mrs B has been inconvenienced by having to take the car to be inspected on more than one occasion, and by having to wait an unreasonable amount of time before

the repair was completed. So, I think Redline should compensate her for this. The investigator had recommended Redline pay her £200, which is in line with what I would've directed had no recommendation been made. So, I see no compelling reason not to adopt this as part of my final decision.

Therefore, Redline should:

- refund the equivalent of 10% of the payments Mrs B paid for the period 16 August 2023 to 8 February 2024;
- apply 8% simple yearly interest on the refunds, calculated from the date Mrs B made the payments to the date of the refund<sup>†</sup>; and
- pay Mrs B a total of an additional £200 to compensate her for the trouble and inconvenience caused by being supplied with a car that wasn't of a satisfactory quality.

<sup>†</sup>If HM Revenue & Customs requires Redline to take off tax from this interest, Redline must give Mrs B a certificate showing how much tax they've taken off if she asks for one.

### **My final decision**

For the reasons explained, I uphold Mrs B's complaint about Toyota Financial Services (UK) Plc trading as Redline Financial Services. And they are to follow my directions above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 12 August 2024.

Andrew Burford  
**Ombudsman**