

## **The complaint**

Mr N complains about a car supplied to him using a hire purchase agreement taken out with Advantage Finance Ltd ("Advantage").

## **What happened**

In June 2023, Mr N acquired a used car using a hire purchase agreement with Advantage. The car was around six years old, the cash price of the car recorded on the agreement was £11,410.71, the agreement was for 60 months, made up of 59 regular, monthly repayments of £311.13, followed by a final payment of £511.13, which included a £200 option to purchase fee. The advance payment recorded on the agreement was £0. Advantage said the car had been driven around 84,000 miles at the point of supply by its previous owner(s).

Mr N contacted the supplying dealership on a few occasions due to issues he experienced with the car.

Mr N said within weeks of acquiring the car, the battery needed to be replaced at a cost of around £180.99, on 18 July 2023. Mr N said shortly after the battery was replaced, the boot struts also needed to be replaced.

In around December 2023, Mr N said he experienced a low oil pressure issue and the Engine Management Light ("EML") appeared. Mr N said the car was undriveable.

Towards the end of January 2024, the car was inspected by a third-party garage. A letter outlining what they found was provided to our service and its mileage was recorded as 89,360 miles. In summary, it explained that the oil sump had been previously removed and re-sealed incorrectly, using loose bolts. It also said that an oil pipe appeared to be damaged from and an attempted repair carried out to it. The letter went on to say that they loosely refitted the engine sump upon the request of Mr N, so that it could be inspected by other people. But as there was no oil in the engine, it should not be started or driven as it would cause an engine failure.

In February 2024, Advantage logged Mr N's complaint and they instructed an independent inspection to be carried out to determine the fault with the car. The inspection was completed in February 2024 and the mileage of the car at the time was 89,360. The engineer who completed the inspection noted in its report that the oil sump was depleted of oil and he noticed it had previously been removed and was refitted loosely. As there was no oil in the oil sump, the engineer was unable to start the engine. The report also said that they didn't consider the fault to have been present at the point of supply and there was evidence of previous repairs carried out to the car.

In March 2024, Advantage issued their final response explaining that they didn't uphold Mr N's complaint as they had relied on the findings made in the inspection report. Mr N didn't agree and provided some further information, but this didn't change Advantage's outcome.

In April 2024, Mr N referred his complaint to our service. Mr N explained that he disagreed with the findings of the inspection report, as he felt it contradicted the findings the third-party garage had made.

During our involvement, Advantage said that they hadn't been told about the battery change until January 2024, but as a gesture of goodwill, they would look to offer £100 towards this.

Our investigator believed there to have been a fault with the car in relation to the EML and low oil pressure warning but concluded that they didn't think it was present or developing at the point of supply. Our investigator went on to consider the battery and explained that as Advantage were only informed about the replacement in January 2024, the cause of the battery failing couldn't be determined at the time. While our investigator concluded that the battery replacement would be considered as general maintenance and not a fault, they thought the offer Advantage to have made of £100 was fair.

Mr N disagreed with the investigator's findings. He explained he thought the car's condition was due to a failed repair, which the third-party garage identified, and he didn't think it was due to the car having been driven around 5,000 miles since the point of supply.

Mr N said that the car since had been inspected by a specialist of the car's manufacturer. They told Mr N that components of the car had been accessed before, which has led to problems. Mr N also supplied a copy of an email from the specialist which, in summary, explained that he thought fault codes had been deleted as the oldest one was at 88,961 miles.

Our investigator explained that this didn't confirm the issues were present or developing at the point of supply. The investigator said that as the oldest fault code present was after a mileage the car was supplied at, it meant the fault likely presented itself in Mr N's possession.

As Mr N disagreed with the investigator's outcome, 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'm upholding this complaint in part and I'll explain why below.

I'm aware I have summarised events and comments made by both parties very briefly, in less detail than has been provided, and largely in my own words. No discourtesy is intended by this. In addition, if there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is a fair outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as an alternative to the courts.

Mr N complains about a car supplied to him under a hire purchase agreement. Entering into consumer credit contracts such as this is a regulated activity, so I'm satisfied I can consider Mr N's complaint about Advantage.

When considering what's fair and reasonable, I take into account relevant law and regulations. The Consumer Rights Act 2015 ("CRA") is relevant to this complaint. The CRA explains under a contract to supply goods, the supplier – Advantage here – has a

responsibility to make sure goods are of satisfactory quality. Satisfactory quality is what a reasonable person would expect – taking into account any relevant factors.

I would consider relevant factors here, amongst others, to include the car's age, price, mileage and description. So, it's important to note that the car Mr N acquired was used, around six years old, had been driven around 84,500 miles and cost under £11,500. I think a reasonable person would accept that it would not be in the same condition as a new car and was likely to have some parts that are worn.

What I need to consider is whether the car was of satisfactory quality when it was supplied. And in order to do that, I first need to consider whether the car developed a fault.

#### Had the car developed a fault?

##### *The car's battery*

Mr N has supplied an invoice dated 18 July 2023 which shows that a battery was purchased for the car acquired. Advantage say that they were not informed of the replacement battery until Mr N complained to them in January 2024, around six months later. No diagnostics or information has been supplied to show why the battery needed to be replaced.

I've thought carefully about this, because I'm mindful that the car was around six years old and had been driven over 84,000 miles when the battery needed to be replaced. And I'm mindful that batteries do naturally deteriorate and may need to be replaced as part of a car's general upkeep.

Without information to show the reasons why the battery needed replacing, I'm not satisfied there was a fault with it. Having said that, Advantage has made an offer in relation to the battery replacement, which I have commented on below.

*The car's boot struts* – No finding has been made on this matter as no information or invoices has been provided about it, other than being told it was replaced. But in any event, by the same logic above, without information to show the reason why the boot struts were replaced, I'm unlikely to reach a finding that there was a fault with them.

##### *The EML and low oil pressure warning*

Turning my attention now to the crux of Mr N's complaint. A letter provided by the third-party garage in January 2024 said:

*"Vehicle presented itself for diagnosis with the engine management light and oil pressure warning fault light illuminated."*

The independent inspection report under a section called "*reported condition*" said:

*"Engine management light on, oil pressure light on, issues with the engine sump pan, oil blockages."*

Later, in the report, when the question, "*Are there any reported issues that you were unable to confirm in the scope of the inspection...*" was asked, the report said:

*"We were able to confirm the faults."*

So, I'm satisfied there is a fault with the car in relation to the EML, and the supply of oil to the car's engine.

Was the car of satisfactory quality at the point of supply?

I now need to consider whether the fault was present or developing at the point of supply to determine whether the car was of satisfactory quality or not. I have been provided with two differing opinions here. Firstly, the independent inspection carried out said, amongst other things:

*"We do not consider the fault to have been present at purchase..."*

*The reported faults have developed after purchase...*

*Considering the vehicle has incurred 5,360 miles over a period of eight months since purchase we would advise, on our engineering perspective, that the present faults were not present at the point of sale."*

I have inferred from the conclusions of the report that they don't think the issue with the EML and supply of oil to the car's engine was present or developing at the point of supply, due to the amount of miles the car had driven, before the issues presented themselves.

On the other hand, Mr N has supplied information from a third-party garage, which said:

*"...we found the sump has been previously removed and re sealed back on to the engine using what looks to be sanitary silicone [incorrect product for use on vehicle engines]..."*

*We have also found that the oil pickup pipe has been previously damaged and an inadequate repair..."*

A further letter from the third-party garage said:

*"... the fault presented... is historic..."*

I have inferred from the comments by the third-party garage that they believe that the faults have presented themselves due to a previous failed repair. But what isn't clear from the comments by the third-party is when this suggested failed repair occurred. Also, I've noted that the third-party said:

*"Upon [Mr N's] request we have loosely re fitted the engine sump with NO sealant and NO oil in the engine..."*

***THIS VEHICLE CAN NOT BE STARTED OR DRIVEN... IF THE VEHICLES ENGINE IS STARTED IT WILL CAUSE... ENGINE FAILURE DUE TO NO OIL...***

***WE ACCEPT NO RESPONSIBILITY FOR ANY DAMAGE TO THE CAR AS A RESULT OF LEAVING THE ENGINE WITH NO OIL AND THE SUMP LEFT LOOSELY REFITTED."***

The independent engineer who carried out the inspection was also provided with the third-party's comments, alongside photos of their findings. It didn't change the independent engineer's opinion and they explained they were unable to confirm some of the comments made. They said it was because the old sealant to the sump had already been removed and disturbed by the third-party.

I have carefully considered things here, and having done so, I'm more persuaded by the findings of the independent inspection report and I'll explain why below.

Firstly, I have no reason to doubt the findings of the report. I think its findings were conclusive that the faults were not present or developing at the point of supply, and I'm more persuaded by these comments than what the third-party garage has said when they believed the fault to be "*historic*", which isn't clear in stating when it is likely the faults occurred.

Secondly, the third-party garage (and as a result, Mr N) believes the fault to be due to a failed repair. While the independent engineer noted previous repairs had occurred, no such finding could be made to confirm the repair failed as the oil sump and its corresponding sealant and bolts had been interfered with before the independent inspection was carried out. So, there wasn't enough evidence to show whether the failed repairs took place before the point of supply or when the car was in Mr N's possession.

Finally I've also thought carefully about the type of fault that has occurred here and the miles travelled in the car. To be clear, I'm not an expert mechanic. But having said that, I think it is likely the faults would have presented themselves much sooner, and within much less miles travelled, had the faults have been present or developing at the point of supply.

It is also worth noting that a MOT was completed on the car shortly before it was acquired, with no advisories or issues.

Considering the above, I'm satisfied the car was of satisfactory quality at the point of supply.

#### The gesture of goodwill Advantage made in relation to the car's battery

During our involvement, Advantage has offered Mr N £100 as a gesture of goodwill. This was in relation to an invoice supplied to them that showed the car's battery was replaced. They explained that they were only made aware of the battery replacement in January 2024, around six months after it was replaced. As I explained above, without information to show the reasons why the battery needed replacing, I'm not satisfied there was a fault with it. So, considering the circumstances, I think Advantage's offer is fair and reasonable.

#### **My final decision**

For the reasons I've explained, I uphold this complaint and I instruct Advantage Finance Ltd to pay Mr N £100 in relation to this complaint. If Advantage has already given compensation in relation to this specific complaint, the final amount should be less the amount already given.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 25 March 2025.

Ronesh Amin  
**Ombudsman**