

The complaint

Miss K complains about the quality of a used car she acquired through a hire purchase agreement with Lendable Ltd ('Lendable'). Miss K says that the car was of poor quality, and it had problems as soon as she took ownership of it. She would like compensation for this.

What happened

Miss K's complaint is about the quality of a car she acquired in June 2023. The car was over eight years old when Miss K received it, and it had covered 64,664 miles.

Miss K also started a hire purchase agreement in June 2023. The vehicle had a retail price of £15,500. Miss K paid an £800 deposit meaning £14,700 was financed. This hire purchase agreement was to be repaid through 47 monthly instalments of £421.91, followed by a final repayment of £224.93.

Below is a summary of the issues complained of by Miss K and the investigation and repair work that has been carried out by the dealership, alongside what has happened in respect of the complaint.

Miss K says that she noticed there were problems with the car straight away. In her first complaint email that she sent to Lendable in June 2023, she says that the car had faults with a button on the steering wheel, the rubber seal on the windscreen was missing, the stop/start eco mode did not work, the in car charger did not work, there was a strange clicking noise from the driver's side and a message on the dashboard.

Lendable, and the dealership, agreed to fix these. They have both said that the rubber seal on the windscreen was fixed, the air conditioning was re-gassed, the switch on the steering wheel was fixed, the battery has been replaced and the front passenger air vent has been fixed and the charging port is now working.

But Miss K says all the issues with the car were not fully fixed. And she has said that she thinks the car was very rusty and there were ongoing problems with brake corrosion and or excessive wear and tear to the brakes. She says that owning the car has cost her financially and it has affected her mental health. It took her a long time to get her money back.

Lendable has considered this complaint several times and it hasn't upheld it. It firstly didn't think that Miss K had the right to reject the vehicle as the faults with the car were rectified. But it went on to say that, despite this, the dealership has said it would accept the car back and so it would unwind the finance. This was actioned over the coming months as below.

In October 2023 the finance agreement was ended. Lendable has returned all of Miss K's deposit and refunded the finance repayments she had made. The deposit is £800, and she had paid £1,687.64, this totals £2,487.64. Lendable has taken from this an allowance for the miles that Miss K had driven the car. It says she has driven 6,045 miles. This has been charged at 19.8p per mile which is £1,196.91. Therefore, £1,290.73 was returned to Miss K. The car was collected from Miss K in December 2023.

Miss K hasn't agreed with this compensation, and she thinks it took too long to implement. She has brought this complaint about the quality of the car to the Financial Ombudsman Service.

Our Investigator didn't uphold Miss K's complaint. She didn't think that the car was of unsatisfactory quality. And she thought that the actions that Lendable had taken to put right the problems Miss K had with the car were reasonable overall.

Miss K didn't agree with the Investigator. She said it was likely that the car had further faults with the brake disks and was showing signs of significant rust. She didn't think all the earlier repairs were successful. She has reiterated the concerns she had raised about the quality of the car. There was some further correspondence, but no new issues were raised.

Because Miss K doesn't agree, 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.

In considering what is fair and reasonable, I need to have regard to the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider was good industry practice at the relevant time.

I'll firstly say that I have noted all of the correspondence and issues that Miss K has raised about the quality of the car. But I'm not going to directly consider them here. This is because Lendable has already settled this complaint and it has unwound the finance and taken back the car.

So, I only need to consider if this resolution adequately compensated Miss K for the problems she experienced with the car. And whether this resolution made was on the same, or a similar basis, to what I would award if I were to decide that the car wasn't of satisfactory quality. If it does adequately compensate Miss K then I won't make a further award, even if I were to decide the car wasn't of satisfactory quality.

Lendable has collected the car at no cost to Miss K and ended the finance agreement. This is the same as I would award if I were to uphold her complaint. The reason I would direct a business to do this when a consumer has had problems with a car, is so that they don't experience these problems going forward.

Miss K's ongoing complaint about the quality of the car primarily concerned what she said was an unacceptable level of rust on the car and the condition of the brakes. But even if I were to decide these issues did make the car of an unsatisfactory quality, they won't cause Miss K any problems going forward as she no longer has the car. So, this part of the resolution in place is right.

Miss K's deposit has been returned to her which is also the same as I would award if I were to uphold the complaint. Again, I don't need to alter this part of the compensation.

Lendable has refunded all the finance payments Miss K has made. I would usually recommend that only a proportion of the finance payments are paid up to the point when the finance is ended. This reflects the use a consumer has had with the car.

And in this case whilst Miss K did have some problems with the car, she was able to drive it over 6,000 miles in the relatively short period that she owned it. It's hard to say that these

problems affected her ability to use the car because of this. So, she should contribute to the inevitable wear and tear the car has experienced within her ownership of it.

Lendable has charged Miss K a mileage amount for the use of the car. This is different to what I would usually put in place, but having considered it, I don't think it results in lower compensation than I would award if I were to uphold the complaint. So, I'm also not changing this part of the compensation already paid.

I can see there was a delay in the funds being transferred to Miss K and I've noted the correspondence about this, I can see that Miss K found this very frustrating. But I can also see that this delay wasn't due to the actions of Lendable.

Lendable needed the funds to be returned to it from the dealership and this didn't happen until agreement about the deductions (the mileage amount taken from the refunds) was agreed. And I can see there was some correspondence between the dealership, Miss K and Lendable as the dealership felt that Miss K should contribute more for the wear and tear of the vehicle.

I think it's reasonable to say that Lendable didn't have very much control over these events. And when it was able to unwind the agreement, it acted promptly. I don't think Lendable did anything wrong here.

And Miss K has raised some issues about how the loan was reported on her credit file. The agreement was ended in December 2023, and Lendable told the credit reference agencies about this relatively quickly. As it said, it can take around six weeks for the information it has provides to a credit reference agency to be reflected in the information the agency holds. Lendable doesn't have any control over this. But, again, I can't see that Lendable did anything wrong here, or acted outside of a reasonable time frame.

Overall, I'm not upholding Miss K's complaint. And I appreciate this will not be the answer that she wants. I can see that Miss K found the whole situation, and the problems with the car, very frustrating. And she feels that Lendable's customer service was poor at times, and it could have resolved this sooner and communicated better with her.

But when making this decision I've borne in mind that Lendable has already tried to resolve this complaint by arranging for the car to be repaired, and then unwinding the finance agreement and taking the car back. I don't think it's reasonable to ask it to do more here.

And I've also borne in mind that if I were to consider her complaint about the quality of the car, I wouldn't necessarily reach the same conclusion that the car was of unsatisfactory quality and award the same compensation.

Overall, I'm not upholding Miss K's complaint.

My final decision

For the reasons set out above, I don't uphold Miss K's complaint.

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

Andy Burlinson
Ombudsman