

complaint

Mr E complains that a car he acquired with the assistance of finance from Advantage Finance Ltd had a manufacturing defect and was not of satisfactory quality.

background

Mr E acquired the car in August 2013. In July 2014 the car broke down and it was discovered that the timing chain had failed. Mr E explains that his mechanic inspected the car and said that the timing chain had failed because of a fault with the injector seals that had caused a build up of carbon in the engine. Mr E was told that this was a known manufacturing defect. Advantage Finance said that the fault with the timing chain could not have been present at the time of sale and Mr E had travelled about 12,000 miles in the car which demonstrated that it was of satisfactory quality. Advantage Finance arranged an inspection of the car after the repairs had been carried out and this did not suggest any faults were present.

Our adjudicator did not recommend that the complaint should be upheld. He did not consider that the fault with the chain tensioner would have been present at the time of sale because of the amount of miles that the car had travelled and the checks carried out before the car was sold did not highlight this fault. Mr E did not agree and responded to say in summary that the adjudicator had misunderstood his complaint about the faults and requested that an ombudsman review all the evidence provided by his mechanic.

I asked the parties for further information about the condition of the car before making my decision and I am told that Mr E had voluntarily terminated his finance agreement and the car has been returned and sold on. Mr E would like the cost of the repairs to be returned by Advantage Finance. The business says that the car was in good condition when it was returned and Mr E had continued to use the car demonstrating that it was of satisfactory quality. I issued a provisional decision on the 11 May 2015 in which I set out my reasoning for upholding the complaint and I asked the parties to comment. Mr E accepted my provisional decision.

Advantage Finance did not accept my provisional decision and responded to say in summary that Mr E had not proved that the car had a fault at the time of sale and he had used the car for a year which suggested that it was of satisfactory quality.

my provisional findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

I have considered in detail the evidence provided by those who have inspected the car. Mr E's mechanic has explained in detail the nature of the problem with the car. He says that the injector seals were leaking combustion gases which has contaminated the engine oil. As a result of the contaminated oil there has been excessive wear to the chain tensioner which caused it to fail. The reason for the leaking seals is because of a manufacturing defect in the cylinder head which has distorted the seat for the seal. I am persuaded by the opinion of Mr E's mechanic that it is an accurate description of the problem with the car because he has inspected the car and has experience in dealing with these engines.

Mr E's mechanic explained that this problem was repaired by reshaping the injectors to remove the distortion and re-seating them with oversized seals. This is potentially a temporary fix because the real problem is with the cylinder head distorting. A new cylinder head would be needed should the same fault recur.

This repair to the injector seals was carried out in addition to replacing the timing chain otherwise the new timing chain would also fail. It appears to me from looking at this evidence that the reason for the timing chain failure was not reasonable wear and tear. The timing chain had worn excessively because of the fault with the cylinder head.

Our adjudicator spoke to Mr E's mechanic and he was clear that this was a known problem with the engine in Mr E's car. He said that in his view the fault with the seals would have been present at the time of purchase but the fault would only become evident when either the timing chain or the turbo failed because of the carbon build up.

I think that it is safe to conclude that the timing chain was not itself faulty at the time of sale otherwise Mr E would not have been able to drive the miles that he did. But I think that the fault with the seals meant that the miles travelled by Mr E caused the timing chain to suffer excessive wear that would not be expected in a car of this age and mileage. I think it is reasonable to conclude on the basis of the evidence provided by Mr E's mechanic that the cylinder head had a manufacturing fault that was present at the time of sale. I think this caused the excessive wear to the timing chain which caused it to fail. I think that Advantage Finance should pay for the cost of the repairs as the car was not of satisfactory quality at the time of sale.

Advantage Finance did arrange for the car to be inspected. This report did not involve a strip down of the engine and so it does not comment on the condition of the cylinder head and the injector seals. I note that when the car was returned to Advantage Finance it was described as in a good condition overall but the mechanical condition including the engine was described as average and not good. Overall, I am persuaded by the evidence provided by Mr E's mechanic who repaired the fault and noted the condition of the engine. The fact that Advantage Finance has said that it has not experienced this issue before doesn't really help me decide this complaint in light of the evidence from Mr E's mechanic.

I think that the fact that Mr E voluntarily terminated his agreement in order to return the car lends weight to his concerns that potentially the seals may fail again causing excessive wear to other components. Advantage Finance say that he was free to do this at any time for any reason but taking into account what Mr E has said during the course of this complaint I think it is reasonable to conclude he was concerned about further problems. Although Mr E was able to drive the car over 12,000 miles I don't agree that this in itself suggests that the car was of satisfactory quality at the time of sale. The nature of the fault with the cylinder head is such that there was a gradual build up of carbon causing excessive wear to the timing chain.

Because Mr E no longer has the car there are no ongoing issues. He was able to have full use of the car before and after the repair and so I don't think that he should be refunded any of the payments that he made under the finance agreement. I think Advantage Finance should pay the costs of the repairs at £1,018.04. I also think that Advantage Finance should pay Mr E £100 to reflect the trouble and upset caused by this issue.

my final decision

My final decision is that I uphold this complaint. In full and final settlement of it Advantage Finance Ltd should pay Mr E £100 and the cost of the repairs at £1018.14. Under the rules of the Financial Ombudsman Service I am required to ask Mr E to accept or reject my decision before the 10 July 2015.

Emma Boothroyd
ombudsman