

complaint

Mr T complains that a motorbike that was supplied to him under a hire purchase agreement with Billing Finance Limited wasn't of satisfactory quality.

background

A new motorbike was supplied to Mr T under a hire purchase agreement with Billing Finance that he signed in August 2018. He returned the bike to the dealer in September 2018 because of steering vibrations, the bike losing power and the engine getting too hot. The dealer examined the bike and said that everything was within tolerance and it was fit for purpose. Mr T then complained to Billing Finance but wasn't satisfied with its response so complained to this service. The bike was inspected by an independent expert in July 2019.

The adjudicator recommended that this complaint should be upheld. He said that the inspection report indicated a fault with the bike so Mr T should be allowed to reject it. He recommended that Billing Finance should pay Mr T his deposit and all of his monthly rentals (all with interest), remove any adverse information from Mr T's credit file related to this dispute and pay him £75 compensation.

Billing Finance has asked for this complaint to be considered by an ombudsman.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Billing Finance, as the supplier of the motorbike, was responsible for ensuring that it was of satisfactory quality. Whether or not it was will depend on a number of factors, including the age and mileage of the bike and the price that was paid for it. The bike that was supplied to Mr T was new and I consider that it was reasonable for him to expect that it would be free from even minor defects. Satisfactory quality also covers durability which means that the components within the bike must be durable and last a reasonable amount of time – but exactly how long that time is will depend on a number of factors.

The motorbike was supplied to Mr T in August 2018. He complained to the dealer about a number of issues with the bike the following month and said that he wanted to reject it. He then complained to Billing Finance about those issues a month after the bike was supplied to him and said that he wanted to reject it.

The dealer said that it had tested the bike and it wasn't faulty – but it offered to take the screen off and refund to Mr T the money that he'd paid for it to try to improve the bike's handling.

Billing Finance arranged for the bike to be inspected by an independent expert in July 2019. The inspection report said that the bike's mileage was 235 miles and concluded that:

"In our opinion based on the visible evidence we would conclude the motorcycle displayed no signs of overheating throughout our 21-mile road test. The vehicle however did display what we would consider to be a flat spot when accelerating from approximately 30-mph.

We would recommend possible adjustment to the fuel system which may rectify the issue; however there was also the possibility that the motorcycle still requires to be run-in as the motorcycle has only covered very little mileage.

The owner's handbook should be consulted to confirm the running-in procedure. We would also recommend that further investigation is carried out to the wobbling which we would consider is due to fitment of the tall front screen to the handlebars with the front screen being a genuine Peugeot optional extra and noted to be secure”.

Mr T returned the bike to the dealer about two weeks after it was supplied to him. Between August 2018, when the bike was supplied to him, and July 2019, when the bike was inspected by the independent expert, Mr T had only used it to drive 235 miles because of the issues with it. The inspection report said that the bike had a “flat spot” and that the “wobbling” required further investigation.

Although the evidence is finely balanced and the independent report doesn't conclusively say that there are faults with the bike, I consider it to be more likely than not that the bike wasn't of satisfactory quality when it was supplied to Mr T. I consider that it would be fair and reasonable in these circumstances for Mr T to be allowed to reject the bike. So I find that Billing Finance should end the hire purchase agreement and arrange to collect the bike from him.

The hire purchase agreement shows that Mr T made a £299 advance cash payment for the bike and payments of £150 and £149 are also shown on the order form. I find that Billing Finance should refund to Mr T the advance payment that he made for the bike and the monthly payments that he's made under the agreement (all with interest). I understand that Mr T has continued to make those monthly payments – so there's no reason for Billing Finance to have recorded any adverse information about the agreement on his credit file. But if it has done so, it should ensure that any such information is removed. These events have caused Mr T distress and inconvenience. I find that Billing Finance should also pay £75 to Mr T to compensate him for that distress and inconvenience.

my final decision

For these reasons, my decision is that I uphold Mr T's complaint. I order Billing Finance Limited to:

1. End the hire purchase agreement and arrange for the motorbike to be collected from Mr T – both at no cost to him.
2. Refund to Mr T the advance payment of £299 that he made for the bike.
3. Refund to Mr T all of the monthly payments that he's made under the agreement.
4. Pay interest on the amounts at 2 and 3 above at an annual rate of 8% simple from the date of each payment to the date of settlement.
5. Ensure that no adverse information about the agreement is recorded on Mr T's credit file.

6. Pay £75 to Mr T to compensate him for the distress and inconvenience that he's been caused.

HM Revenue & Customs requires Billing Finance to deduct tax from the interest payment referred to at 4 above. Billing Finance must give Mr T a certificate showing how much tax it's deducted if he asks it for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 14 May 2020.

Jarrold Hastings
ombudsman