

The complaint

Mr T has complained about the quality of a car he acquired under a hire purchase agreement with Advantage Finance Limited.

What happened

In July 2022 Mr T acquired a used car under a hire purchase agreement with Advantage Finance. We're told the car cost around £6,000. It was around 11 years old and had covered around 117,800 miles when it was acquired.

Mr T complained to Advantage Finance in January 2023 about issues he was having with starting the car. Advantage Finance decided to pay for an independent report which was carried out on 19 January 2023. The mileage at that point was 131,814. The inspector attempted to start the car, but it only turned over with little compression. The inspector said none of the rocker arms moved while the engine was being turned over, indicating the timing chain had snapped.

The inspector said considering the mileage covered since inception, the car was of satisfactory quality, and that the issue is as a result of natural wear and tear.

Advantage Finance sent a final response saying, based on the independent inspection, it wasn't liable to repair the fault. So Mr T referred his complaint to our service to consider.

One of our investigators looked into things but didn't think he'd seen enough to uphold the complaint. Mr T didn't agree. He said it's not right the car is completely unroadworthy within a few months of acquisition. He said it took a few weeks of chasing Advantage Finance in order to obtain the report. He said the problem with the timing chain shouldn't be classed as wear and tear. And he highlighted the independent report mentioned this sort of problem is likely to happen around 170,000 miles and not at 130,000. He also said the car was sold with some service history, and that the last service was carried out when the car had covered around 111,000 miles.

As our investigator didn't change his mind, the case has been 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.

I want to acknowledge I've summarised the events of the complaint. I don't intend any discourtesy by this – it just reflects the informal nature of our service. I'm required to decide matters quickly and with minimum formality. But I want to assure Mr T and Advantage Finance that I've reviewed everything on file. And if I don't comment on something, it's not because I haven't considered it. It's because I've concentrated on what I think are the key issues. Our powers allow me to do this.

I also want to clarify this decision will only focus on the complaint that has been considered by Advantage Finance – and that is in relation to the quality of the car.

Mr T acquired the car under a hire purchase agreement. Our service is able to consider complaints relating to these sorts of regulated consumer credit agreements.

The Consumer Rights Act 2015 (CRA) covers agreements like the one Mr T entered into. The CRA implies terms into the agreement that the quality of goods is satisfactory. Advantage Finance is the “trader” for the purposes of the CRA and is responsible for dealing with a complaint about their quality.

The CRA says that the quality of the goods is satisfactory if they meet the standard a reasonable person would consider satisfactory – taking into account the description of the goods, the price or other consideration for the goods (if relevant) and all other relevant circumstances. For this case, I think the other relevant circumstances include the age and mileage of the car at the point of supply.

In Mr T's case, the car supplied was used and had covered around 117,800 miles. There'd be very different expectations of it than if it was a brand-new car. The car cost around £6,000, which is significantly less than if it was new. The price paid reflects the age and condition of the car.

I think there's enough evidence to demonstrate there are faults with the car. We have an independent report highlighting issues in relation to a suspected timing chain failure.

I can understand Mr T is disappointed the car has such a significant problem, that isn't cheap or easy to rectify. He'd not had the car for that long. But what I have to bear in mind is that just because I've seen there's a fault with the car that manifested within around half a year, this doesn't necessarily mean the car wasn't of satisfactory quality when it was supplied to Mr T – which is what I need to decide. I'd need to see sufficient evidence the fault made the car of unsatisfactory quality when it was supplied to Mr T.

On the one hand, Mr T says the problem isn't in relation to wear and tear. And that there was a comment on the independent report that suggested a lifespan of around 170,000 miles for a timing chain.

But on the other hand, the car was 11 years old and had covered 117,800 miles when it was supplied. Mr T was able to use the car for around 14,000 miles without an issue. The independent report says the expert thought the car was of satisfactory quality when it was supplied to Mr T taking into account the age and mileage. I've not got any independent evidence so show the car wasn't of satisfactory quality. In the particular circumstances of this complaint, I don't think Mr T would have been able to cover around 14,000 miles in the car if there was a problem with the timing chain when it was supplied.

I think there might have been a typographical error in the independent report when the inspector said *over 170,000* miles. I suspect he meant to write 117,000 miles given he was commenting on the timing belt needing changing not being premature or the responsibility of the sales agent. Even if I'm wrong on that, I have to consider there are varying reports on how long a timing chain should last. And we don't know exactly what caused the timing chain to fail. Moreover, as Mr T has pointed out, we don't have lots of information about how the car was serviced during its lifetime. And he's also explained he didn't have it serviced prior to the failure. So I think the car may not have been serviced in line with the manufacturer recommendations, which may have impacted the lifespan of the timing chain. I've simply not seen enough to say that it's not durable or that the car wasn't of satisfactory quality when it was supplied to Mr T.

Taking all this into account, I think Advantage Finance acted fairly by obtaining an independent report. The expert didn't find the car was of unsatisfactory quality. I don't have sufficient evidence to show the report's findings should be discarded. So, while I sympathise with Mr T, I don't find I have the grounds to direct Advantage Finance to take any action.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 25 October 2023.

Simon Wingfield
Ombudsman