

The complaint

Mr B complains about the quality of a used car that was supplied to him through a hire purchase agreement with Secure Trust Bank Plc trading as V12 Vehicle Finance (V12).

What happened

In June 2022, Mr B acquired a used car through a hire purchase agreement with V12. The car was around ten years old and had travelled 68,000 miles when it was supplied. The cash price of the car was £12,926. Mr B paid a deposit of £1,500, so the total amount financed on the agreement was £11,426 payable over 59 monthly repayments of £260.36 with a final monthly repayment of £270.36.

Mr B said that around two weeks after acquiring the car it broke down and was recovered. The recovery agent diagnosed issues with the engine's pistons. Following the breakdown, Mr B brought his car to a garage, which I'll refer to as garage B. Garage B provided an invoice which advised the car was brought to them in June 2022. It said the car had developed a misfire and through investigation they discovered oil on the crown of the piston to cylinder 1. Mr B said because of this he told the dealership that he wanted to reject the car.

Mr B said the dealership arranged an independent inspection which took place in September 2022. The independent inspection report concluded there were no faults present with the car's engine or transmission. The inspection report however recommended further investigation including a pressure test.

Following the report, the dealer didn't agree to a rejection of the car, so in October 2022, Mr B complained to V12. V12 paid for a compression test on the car which was carried out by garage B. The test found there was a possible leak relating to cylinder 1.

Whilst V12 were looking into the issues, Mr B brought his complaint to our service in January 2023 for investigation. Mr B said along with a rejection of the car, he also wanted compensation for the time he spent dealing with the issue and not having a car available. In March 2023 V12 issued their final response. V12 didn't uphold the complaint as they believed the faults on Mr B's car was to be expected on a car of its age and mileage.

Having considered all the information, our investigator recommended that Mr B's complaint should not be upheld. Our investigator concluded that the evidence suggested the car was performing within its intended specifications and so was of satisfactory quality when it was supplied to Mr B.

Mr B didn't accept our investigator's view. He said he didn't think a car should fail so close to supply when it had a full-service history. However, as our investigator's view remained unchanged, Mr B asked that his complaint be referred to an Ombudsman for 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've thought about all the evidence and information provided afresh and the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider to have been good industry practice at the relevant time.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

The agreement in this case is a regulated hire purchase agreement. As such, this service is able to consider complaints relating to it. V12 is also the supplier of the goods under this agreement, and is responsible for a complaint about their quality.

The Consumer Rights Act 2015 (CRA) is relevant in this case. It says that under a contract to supply goods, there is an implied term that "*the quality of the goods is satisfactory, fit for purpose and as described*". To be considered as satisfactory, the CRA says the goods need to meet the standard that a reasonable person would consider satisfactory, considering any description of the goods, the price and all the other relevant circumstances. The CRA also explains the durability of goods is part of satisfactory quality.

So, it seems likely that in a case involving a car, the other relevant circumstances a court would consider might include things like the age and mileage at the time of sale and the vehicle's history.

Here, the car was acquired used, with a cash price of around £13,000 and with 68,000 miles on the odometer. So, I think it's fair to say that a reasonable person would expect that parts of the car might have already suffered some wear and tear. And there's a greater risk this car might need repair and/or maintenance sooner than a brand-new vehicle.

Having said that, at around £13,000 I don't think the value of the car wasn't insignificant, so I think it's also reasonable to expect it should run without any significant issues for a reasonable amount of time.

From the information provided I'm persuaded there was a misfire and oil found on cylinder 1. This is apparent from the roadside recovery report, dated June 2022, which confirmed there was a misfire on cylinder 1, and from garage B's invoice, dated August 2022, also confirming a misfire and that further investigation would be required. Having considered the car had a fault, I've thought about whether it was of satisfactory quality at the time of supply.

The roadside recovery report advised of an issue with a cylinder misfire. The report was dated around two weeks after supply, and with about 730 additional miles travelled on the car. So, I'm satisfied that there was a problem soon after supply. However, I note that the report didn't comment on the safety of the car. It mentioned that Mr B was taking the car home.

On 11 August 2022, Garage B's invoice noted that oil was found on the crown of the piston of cylinder 1, and that an engine strip down was required to diagnose the issue. However, the garage invoice also didn't comment on whether it was safe to be driven. There was no mileage recorded on the invoice.

The independent inspection report, dated 19 September 2022, noted the car's mileage as 73,355 which was about 4,600 more miles than when the car was first attended by the recovery agent. The inspection report advised there were no fault codes, and no obvious faults following a road test, with the performance of the engine and transmission being considered as normal. However, in light of conflicting evidence that showed smoke coming from the engine and oil contamination in the piston crown, the report recommended further investigation.

In November 2022 Mr B arranged for Garage B to carry out a cylinder leak and compression test. The mileage on the car at that point was 78,052, which means it had travelled a total of around 10,000 miles in around six months and from the point of supply, which isn't insignificant, and would be considered above average. V12 noted in their final response that the engineer who carried out the independent inspection advised on the findings of the compression test. They concluded that the readings were considered acceptable on a car of that age and mileage.

Having reviewed the compression test and considered what an acceptable level of engine compression would be, I'm satisfied that the compression results provided by Garage B are within acceptable levels and tolerances.

I've also considered that Mr B has continued to have full use of the car, which I think is fair to say has been above average. I think it's unlikely that Mr B would have been able to have as much use as he did if a significant issue was present on the car from supply.

Having considered all the evidence provided in this case, and in consideration of the age and mileage of the car, I'm satisfied that Mr B's car was of satisfactory quality at the point it was supplied to him. I don't dispute that there may have been some misfire, but having thought about the findings of the independent inspection report, that I've not seen any comments or advisories that the car was unsafe to drive and that Mr B continued to have full use of the car, I'm persuaded that the performance of the car was considered reasonable for a vehicle of its age and mileage.

I recognise Mr B's strength of feeling that a piston should not fail after 68,000 miles and with a full-service history; however, I've seen no expert evidence to confirm that the piston or engine on his car has failed. In addition, as described above, I find Mr B's use of the car is in contradiction of this.

As I've concluded that the car was of satisfactory quality at the point it was supplied, I don't require V12 to take any action in respect of this complaint.

My final decision

Having thought about everything above along with what is fair and reasonable in the circumstances, I don't uphold Mr B's complaint about Secure Trust Bank Plc trading as V12 Vehicle Finance.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 14 September 2023.

Benjamin John
Ombudsman