

## The complaint

Mr N complains about the quality of a used car that was supplied through a hire purchase agreement with Zopa Bank Limited (Zopa).

## What happened

In November 2022 Mr N acquired a used car through a hire purchase agreement with Zopa. The car was around six years old and had travelled 56,500 miles when it was supplied to Mr N. The cash price of the car was £14,700. Mr N paid a deposit of £3,500, so the total amount financed on the agreement was £11,200 payable over 44 months.

In January 2023 Mr N complained to Zopa about the quality of his car. He said the warning lights had illuminated on the dashboard on a few occasions. Mr N said he brought it to a local garage where they carried out a vehicle health scan, which identified faults with the exhaust gas recirculation (EGR) sensor and diversity antenna.

Mr N said he was told the EGR valve needed to be repaired, and provided a quotation for around £790 to repair all the issues.

Zopa, arranged for an independent inspection of the car to be carried out on 22 March 2023. The inspection report concluded it was *“unable to confirm the reported faults and the vehicle was presented in satisfactory condition and operating to the manufacturer’s standard for a vehicle of this age and mileage”*.

In March 2023 Zopa issued their final response to Mr N’s complaint which they didn’t uphold. Zopa advised as the independent inspection couldn’t confirm any faults with the car, they wouldn’t be upholding the complaint.

Unhappy with their decision, Mr N brought his complaint to our service for investigation. Mr N said he wanted his car fixed.

Having considered all the information on file, our investigator recommended that Mr N’s complaint should be upheld. Our investigator referred to the vehicle scan report, that Mr N provided, which identified two fault codes relating to the EGR sensor and the diversity antenna.

Our investigator concluded that as the faults were intermittent, it’s likely to be the reason why it wasn’t identified during the independent inspection. And so, he believed on balance the car wasn’t of satisfactory quality when it was supplied to Mr N. Our investigator recommended that Zopa arrange and pay for the repairs and to keep Mr N mobile or refund monthly payments to reflect any time he is without a vehicle.

Zopa didn’t accept our investigator’s recommendation and referred to the independent inspection which was unable to find a fault. So, they asked that the complaint be referred to an ombudsman for a final decision.

Following our investigator's view, Mr N raised further concerns with the wear of the tyres and a further fault related to the electronics throttle control. Our investigator advised Mr N that any new concerns would need to be raised with Zopa in the first instance.

### **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.

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

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 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.

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.

My starting point is that Zopa supplied Mr N with a used car that had travelled 56,500 miles. With this in mind, I think it's fair to say that a reasonable person would expect the level of quality to be less than that of a brand-new car with lower mileage; and that there may be visual signs of wear and tear due to its usage.

Having said that, the car was priced at around £14,700, which isn't insignificant, so I think it's reasonable to expect it could be used without any major issues for a reasonable period of time.

From the information provided I'm persuaded there was a fault with the car's EGR system and antenna. This is apparent from the vehicle health scan which identified two fault codes relating to the EGR sensor and diversity antenna. Having considered the car had a fault, I've considered whether it was of satisfactory quality at the time of supply.

*satisfactory quality*

Mr N said that within a month of acquiring the car he noticed the engine management light was illuminated; he was told by a local garage the EGR valve was faulty along with the antenna. The faults were highlighted as diagnostic trouble codes on a vehicle health report.

Zopa arranged the independent inspection in March 2023 which didn't identify any of the issues raised by Mr N. However, Mr N advised the problem was intermittent, having occurred in November and then again in December 2022. He also advised the faults were cleared by the local garage, in addition to him replacing the battery which may have also cleared any fault codes.

Although I've seen no evidence the battery was replaced, I don't think it's unreasonable with a car of the age and mileage of Mr N's vehicle for it to require a new battery. I've also been given no reason to doubt what Mr N has said.

I recognise the faults weren't identified by the independent inspector; however, I'm persuaded by the vehicle health scan that a problem existed with the EGR system and the diversity antenna. I think it's likely the intermittent nature of the issue is why it wasn't identified during the independent inspection.

In September 2023 Mr N provided an invoice of the repair to the EGR cooler, which Mr N says had fixed the issues. Mr N also told our investigator the warranty paid for the component, but he had to contribute £84 towards the cost of the labour. This evidence further persuades me that a fault existed within the EGR system.

In his communication with our service, Mr N refers to the EGR valve as being faulty; the vehicle health scan refers to a faulty EGR sensor, and the invoice provided by Mr N says the EGR cooler was replaced. I acknowledge the different components which have been referred to, however I recognise a vehicle's EGR system consists of a number of components which work together to ensure a vehicle is satisfactorily reducing its pollutant emissions.

Each of the components are closely connected and so I'm persuaded that any faults identified would need to be investigated and could relate to or have an impact on different parts of the system. All things considered, I'm persuaded there was a problem within the EGR system that required a repair, and that the repair of the EGR cooler was able to fix it.

I'm persuaded that a fault exists with the diversity antenna. The fault code was identified on the vehicle health scan report, which Mr N also said was an intermittent issue. I acknowledge the independent inspection hadn't identified it, but I'm persuaded by the evidence provided that the problem existed, and that the intermittent nature of it was the likely reason it hadn't been identified during the inspection.

I acknowledge there are likely to be issues identified with a vehicle that has the age and mileage of Mr N's, however, on a car priced at around £14,700 I think it's reasonable to expect the entertainment unit, which the diversity antenna is a key component, to be functioning and in working order. As I've seen evidence of the issues within three months of the car being supplied to Mr N, I'm satisfied the problem was present or developing at the point of supply to the extent which rendered the car of unsatisfactory quality. And so Zopa will need to put things right for Mr N.

In their view, our investigator recommended Zopa pay for repairs to identify the root cause of the fault codes, however, as Mr N has confirmed the EGR issue has been repaired and that he paid £84 for the labour, I think it's reasonable that Zopa reimburse this to him with 8% simple interest.

In addition, I acknowledge Mr N provided a quotation in February 2023, for £220.18 to have the problem with the antenna repaired. I'm not aware if that quotation is still valid, and I've been given no reason to think it was unreasonable. So, given I've concluded this fault was also present at the point of supply, I'll be instructing Zopa to pay for the repairs to the antenna also. Mr N may decide to revisit that quotation, if it's still available.

As my redress determination differs from the investigator's view (in light of the repairs that Mr N had carried out on the EGR), I invited Zopa to make any further comments in light of the difference. Zopa responded to request a copy of the final decision so they could remediate in line with my proposed outcome.

### **My final decision**

Having thought about everything above along with what is fair and reasonable in the circumstances I uphold this complaint and instruct Zopa Bank Limited to:

- Cover the cost of repairs to the diversity antenna as identified on the vehicle health scan
- Reimburse to Mr N £84 for the cost of the labour for the repair of the EGR system
- Pay 8% yearly simple interest on the reimbursement calculated from the date of payment to the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 15 November 2023.

Benjamin John  
**Ombudsman**