

The complaint

Miss B complains that the car she financed through a hire purchase agreement with FCE Bank Plc trading as Ford Credit wasn't of satisfactory quality as the engine failed after only 36,000 miles. She also complained that she hadn't been provided with the service she should have been while dealing with this issue.

What happened

Miss B entered into a credit agreement with Ford Credit in June 2019 to acquire a new car. When this agreement ended, she entered a hire purchase agreement with Ford Credit for the same car. At that time (September 2022) the car had been driven just over 32,170 miles.

The engine failed in December 2022 when the car had been driven less than 36,000 miles. Miss B says that when she reported this to the dealer, she was told she would need to pay £180 for a diagnostics test which she did. She was then told the cost was £180 per hour. Miss B says she had to wait for weeks for the diagnostics report.

Ford Credit issued a final decision dated 13 February 2023. It said its Service Team said the car hadn't been serviced noting that a service should have happened at 18,000 miles. It said the fault appeared after Miss B had had the car for over 42 months and it didn't believe it likely the fault causing the engine failure was present at supply and so didn't uphold this complaint.

Miss B said that the car had been serviced at 25,000 miles and then failed at 36,000 miles with no warning. She said that this was a known issue with the model of car she has, and the car has been unusable since December 2022. She referred her complaint to the Financial Ombudsman Service on 19 March 2023 and it was then agreed that the engine would be stripped in an attempt to diagnose the cause of the engine failure. Following this Miss B received an email from the manufacturer saying that based on information from an engineer and technical experts it found the failure could have been prevented if Miss B's vehicle had been serviced in line with the manufacturer's schedule. Given this it didn't offer to pay towards the cost of repair. Miss B didn't accept these comments and said this ignored the report she had received from the dealer.

Our investigator didn't uphold this complaint. She said she was unable to conclude that the cause of the engine failure was due to a fault present at supply. She noted the first service took place almost 8,000 miles after it should have which she thought could have caused problems. Considering this and that there was no evidence to show a manufacturing fault she didn't conclude that the car wasn't reasonably durable or not of satisfactory quality at supply.

Miss B didn't agree with our investigator's view. She said the car was a write off as the engine had failed and it wasn't fair she needed to continue to pay for it for the remaining two years of the finance agreement. She said the issue with her car wasn't an isolated event with other cars of the same model experiencing engine failure.

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.

Miss B acquired a new car through a credit agreement in 2019. When the agreement came to an end she entered a new hire purchase agreement with Ford Credit (September 2022). At this time, the car had been driven around 32,170 miles.

In December 2022, the car broke down. I can understand how distressing this must have been for Miss B, especially as her child was in the car with her and I note her comments about how, had this happened on a motorway, the breakdown could have caused a fatality.

This complaint is against Ford Credit, as the finance provider. Under the regulations, the finance provider can be held liable if the car supplied wasn't of satisfactory quality at the point of supply. The car was supplied new and was subject to an initial finance agreement with Ford Credit followed by a second credit agreement entered into with Ford Credit in September 2022. When considering satisfactory quality, factors such as the car's age and mileage are taken into account. In this case while the current hire purchase agreement wasn't entered into until September 2022, the car was supplied to Miss B new in 2019. Therefore, I have considered whether the issue with the engine was due to a manufacturing fault, or more likely wear and tear. Also, noting the age and mileage of the car when the engine failed, I have considered other factors in regard to satisfactory quality, specifically whether the car was sufficiently durable.

Following the engine being removed and partially stripped the dealer said the cause for the failure was a cracked crankshaft. It said this had caused the main bearings to spin and seize on the engine block. The dealer then said that it wasn't able to qualify why the crankshaft had cracked. It noted the car was serviced late but said there *was no evidence of blockage to the oil filter pick up, ... damage to the wet timing belt and no other debris possibly causing oil pressure issues to the engine*. It said that the manufacturer would have to decide whether the late service could have caused this crankshaft failure.

The manufacturer said it wouldn't contribute to the cost of repairs saying *"Based on the information of both the engineer and our technical specialists.... we find that the issue likely could have been prevented, if the vehicle had been serviced in line with the maintenance schedule, using [manufacturer] approved parts and oil grade"*.

I have considered all of the information provided. Where the evidence is inconclusive, incomplete or contradictory, I have made my decision based on the balance of probabilities – that is what I consider most likely to have happened based on the evidence and wider circumstances of the complaint. I understand how upsetting this issue has been for Miss B and I note that she has said she no longer has the car. But based on the information provided I do not find I can say the car wasn't of satisfactory quality at supply. I say this because Miss B was able to drive the car for around 42 months and over 35,000 miles before the issue arose and so it is reasonable that evidence would be required to identify whether the fault that caused the engine failure was present or developing at the point of supply. Diagnostics were undertaken and while I appreciate Miss B's comment about the cost of these, given when the engine failure occurred it was her responsibility to provide the evidence.

The comments made by the dealer after the engine was stripped weren't conclusive and deferred to the manufacturer in regard to whether the late service caused the crankshaft failure. The manufacturer then said that the failure could have been prevented had the car been serviced in line with the manufacturer's schedule. Miss B did have a service carried out

at around 25,000 miles, but this was over 7,000 miles after the service was due. While the dealer didn't find any signs of issues from the late service, the late service could have caused premature wear to the bearings which then, after further travel, caused the engine to fail. Had the services been undertaken in line with the manufacturer's schedule then it could have been considered that the car wasn't sufficiently durable but in this case, with the uncertainty arising from the late service, and as there isn't evidence that there was a manufacturing fault present or developing at the point of supply that caused the engine to fail, I do not find that I have enough to say that the car wasn't of satisfactory quality at the point of supply.

Overall, while I am sorry to hear of Miss B's experience I do not find that I have the evidence to uphold this complaint.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 11 September 2023.

Jane Archer
Ombudsman