

The complaint

Mr B is unhappy that a car supplied to him under a hire purchase agreement with Toyota Financial Services (UK) Plc ('Toyota') was of an unsatisfactory quality.

What happened

Toyota. He paid a deposit of £3,500 and the agreement was for £31,245 over 49 months; with 48 monthly payments of £489.42 and a final payment of £15,615. At the time of supply, the car was around five years old, and had done 47,528 miles.

Shortly after being supplied with the car, Mr B experienced a fault with the headlights – they would turn off while in use and he'd need to turn off the car and wait some time before turning it back on before the lights would work again.

The supplying dealership attempted to repair the car on three occasions without success. And they've ordered the parts they believe will fix the fault, but these parts aren't currently available so a date for the repair of the car can't be confirmed.

Mr B was supplied with a courtesy car. However, he's unable to transport his dogs in the courtesy car, which he needs to do for his work – the car that was supplied to him in January 2023 was fitted with a specific boot liner that would allow him to transport his dogs. So, Mr B has said the courtesy car couldn't be fully used, which caused him some inconvenience.

Toyota acknowledged the issues and offered Mr B £200 compensation for the inconvenience he'd been caused. Mr B wasn't happy with this, as he didn't think it recognised that he couldn't use the courtesy car he'd been supplied with. So, he brought his complaint to the Financial Ombudsman Service for investigation.

Our investigator was satisfied the evidence showed there was a fault with the car, and this made it of an unsatisfactory quality when it was supplied. And she was also satisfied that the dealership and Toyota had accepted liability for this fault.

The investigator explained that, as Mr B needed to transport his dogs for a part-time night job he had, the courtesy car wasn't suitable for his needs. And she said the dealership were aware of Mr B's needs, as they'd fitted the liner to the car supplied to Mr B in January 2023. What's more, as the fault with the car hasn't been fixed, and as this adversely affects driving in the dark (which Mr B would need to do for his night job), he's also being inconvenienced on an ongoing basis while waiting for the repair to take place.

So, the investigator said that, in addition to the £200 Toyota had offered, they should refund him £89.42 a month (plus statutory interest), for the three months he was in possession of the courtesy car, as this didn't fully meet his needs.

Toyota didn't fully agree with the investigator. While they didn't dispute the car was of an unsatisfactory quality when it was supplied to Mr B, or that they should pay him £200 compensation for the inconvenience he'd been caused; they thought he'd been kept mobile

by the supply of a courtesy car. So, they didn't think they should refund any of the payments he'd made.

Because Toyota didn't agree, this matter has been passed to me to make 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.

Having done so, I've reached the same overall conclusions as the investigator, and for broadly the same reasons. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome.

In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and (if appropriate) what I consider was good industry practice at the time. Mr B was supplied with a car under a hire purchase agreement. This is a regulated consumer credit agreement which means we're able to investigate complaints about it.

The Consumer Rights Act 2015 ('CRA') says, amongst other things, that the car should've been of a satisfactory quality when supplied. And if it wasn't, as the supplier of goods, Toyota are responsible. What's satisfactory is determined by things such as what a reasonable person would consider satisfactory given the price, description, and other relevant circumstances. In a case like this, this would include things like the age and mileage at the time of sale, and the vehicle's history and its durability. Durability means that the components of the car must last a reasonable amount of time.

The CRA also implies that goods must conform to contract within the first six months. So, where a fault is identified within the first six months, it's assumed the fault was present when the car was supplied, unless Toyota can show otherwise. But, where a fault is identified after the first six months, the CRA implies that it's for Mr B to show it was present when the car was supplied.

So, if I thought the car was faulty when Mr B took possession of it, or that the car wasn't sufficiently durable, and this made the car not of a satisfactory quality, it'd be fair and reasonable to ask Toyota to put this right.

In this instance, it's not disputed there was a fault with the headlights on the car, nor that this fault was present when the car was supplied to Mr B. As such, I'm satisfied that I don't need to consider the merits of this issue within my decision. Instead, I'll focus on what I think Toyota should do to put things right.

Putting things right

There are two elements that need to be considered when looking at what Toyota needs to do to put things right. And I'll deal with the courtesy car first, as this is the point of contention.

The car has been in for repair for a total period of three months since it was supplied to Mr B, and he was provided with a courtesy car to keep him mobile during this period. Because of this, I think it's only fair that he pays for this usage.

However, there were some issues with the courtesy car that meant Mr B wasn't able to use this fully. When Mr R was supplied with a car by Toyota, this included the fitting of a specific boot liner that allowed him to transport his dogs. Not only did Mr B want the facility to

transport the dogs, but his dogs were also necessary for his part-time night job. And it's not disputed that he wasn't able to transport his dogs in the courtesy car.

As such, I'm satisfied that Mr B's usage of the courtesy car has been impaired. Had this been for just a few days, then I think this could be encompassed within the offer of compensation Toyota made. However this wasn't for a few days, but a total period of three months. Which caused Mr B some significant inconvenience. So, I think it's only fair that Toyota refund some of the payments Mr B has made to reflect the impaired usage of the courtesy car.

The investigator has recommended a refund of £89.42 a month for the February, June, and August 2023 payments to reflect the impaired usage. Given the overall circumstances, I'm satisfied this fairly reflects the impact on Mr B, and I see no compelling reason not to adopt this as part of my final decision.

Turning now to the fault on the car supplied by Toyota. While this was a sporadic fault, as it was a headlight issue it affected driving at night. And, as Mr B was a night worker, using his car for this, I'm satisfied he was adversely affected by this fault, and by the need to repeatedly take the car back to the dealership for repair. What's more, it's my understanding that the car hasn't yet been fixed, and the parts to do this are still on back order.

Toyota have offered Mr B £200 for the inconvenience caused to him by the issues with the car they supplied to him. This is in line with what I would've directed had no recommendation been made. So, I'll also be adopting this as part of my final decision.

Therefore, Toyota should:

- refund the part-payments in line with my findings above;
- apply 8% simple yearly interest on the refunds, calculated from the date Mr B made the payments to the date of the refund[†]; and
- pay Mr B an additional £200 to compensate him for the trouble and inconvenience caused by being supplied with a car that wasn't of a satisfactory quality.

[†]HM Revenue & Customs requires Toyota to take off tax from this interest. Toyota must give Mr B a certificate showing how much tax they've taken off if he asks for one.

My final decision

For the reasons explained, I uphold Mr B's complaint about Toyota Financial Services (UK) Plc. And they are to follow my directions above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 23 November 2023.

Andrew Burford
Ombudsman