

## **The complaint**

Mr C complains about a used car he acquired from Toyota Financial Services (UK) PLC trading as Redline Finance. Mr C has reported faults with the car and is unhappy that despite work being completed, an issue still remains with the car's engine.

## **What happened**

In April 2022 Mr C acquired a used car using a hire purchase agreement with Redline Finance. Shortly after taking possession of the car Mr C says he reported problems with the car, in particular with the engine management system. The engine management light was illuminated on the dashboard and Mr C returned the car for inspection. I also understand there was an issue with brake noise, but no fault was found when the car was inspected. Work was also done to the suspension.

An issue was identified with the car's engine and a NOx sensor was shown to need replacing. Due to delays with parts, the sensor was not replaced until some months later. Mr C says that within an hour of collecting the car, after the NOx sensor was replaced, the engine management light came on again.

Mr C says he contacted the supplying garage to discuss further but did not hear anything from them. He then raised a complaint with Redline Finance, who set out why it did not uphold his complaint. Mr C remained unhappy and as he was entitled to do, referred his complaint to our service.

One of our investigators set out why they considered the complaint should be upheld. In summary, they found the car was not of satisfactory quality and as the repairs had not been successful, Mr C should now be permitted to reject the car and, amongst other things, end his agreement with Redline Finance.

Redline Finance did not accept the investigator's view but did offer £300 to Mr C for any distress and inconvenience he had been caused. Mr C did not accept the £300 as a reasonable resolution and as the complaint could not be resolved informally, it has now been referred to me for consideration.

## **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.

First, I'm very aware that I've summarised this complaint in far less detail than the parties and I've done so using my own words. I'm not going to respond to every single point made by all the parties involved. No discourtesy is intended by this. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the

right outcome. Where the evidence is incomplete, inconclusive or contradictory (as some of it is here), I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

Redline Finance supplied the car to Mr C under a regulated hire purchase agreement. Because of that, our service is able to consider complaints about the hire purchase agreement and the goods, i.e. the car, supplied under the hire purchase agreement.

As the supplier of the car, Redline Finance has an obligation to ensure the car supplied was of satisfactory quality – as set out in the Consumer Rights Act 2015. Exactly what satisfactory quality is will depend on the specific circumstances of any given case, but in this instance I need to decide if the car Redline Finance supplied to Mr C was of satisfactory quality. When considering this, it is reasonable in my view to note the car was not new and it had in the region of 60,000 miles at the time of supply. So it would be unreasonable to expect a used car with this amount of mileage to be in the same ‘as new’ showroom condition which it would have been when first supplied.

But just because the car was used with some mileage, doesn’t mean that Redline Finance has no requirements in relation to satisfactory quality. Mr C says that the engine management light came on within a month of taking possession of the car and even allowing for the car’s age and mileage when supplied, I think it more likely than not the car had an underlying issue at the point of supply to Mr C. It is because of this underlying issue that the problem was apparent to Mr C so quickly after taking possession of the car.

The engine management light on a car’s dashboard is usually a more general warning that alerts the driver to a potential problem with the car’s engine management. Exactly what is causing the warning will require further investigation, but I’m satisfied as this identifies a problem with the engine, this is a significant problem and not something that would be considered more general wear and tear. The subsequent investigation identified an issue with the NOx sensor and on balance, considering all of the circumstances here I’m satisfied the car was not of satisfactory quality when it was supplied to Mr C.

There was a delay in obtaining a replacement NOx sensor, but this was however replaced some time later when the replacement part became available. Mr C says that within an hour of taking possession of the car after the new sensor was apparently fitted, the engine management light came on again. This in my view suggests the NOx sensor was wrongly identified as the cause of the issue, or there was a secondary issue that needed attention. It is not clear which of these is the case, but regardless of that it is clear that the problem with the car’s engine was not resolved.

Mr C says that he contacted the garage about this but he did not hear again from the garage. The garage has said that it has no record of Mr C contacting them to refer to the repair not having worked. I cannot be certain whether or not Mr C did actually contact the garage, but he has been clear and consistent throughout in his testimony. And contacting the garage would be the likely cause of action most people would take having just collected a car and realising the repairs had not been successful. I note the garage says it has no record of Mr C contacting them, but this does not however persuade me that Mr C did not actually contact them about the failed repair. Whether Mr C did or didn’t contact the garage does not impact on what I consider is now required to put things right and I shall explain why next.

### **Putting things right**

The Consumer Rights Act 2015 sets out a number of possible remedies where goods were

found to have been not of satisfactory quality. One of those remedies is to allow one opportunity for the goods to be repaired. Where that does not resolve the issue, the consumer can then seek the right to reject the goods. I have had regard for the Consumer Rights Act 2015 when considering what is a fair and reasonable remedy in this instance for Mr C.

I have set out above why I consider the car was not of satisfactory quality when it was supplied to Mr C. Repairs were attempted and Mr C has provided photographs to support the fact that the engine management light was again lit after those repairs were completed. I'm satisfied that the initial repairs, through replacing the NOx sensor, were unsuccessful and the despite this attempt at repair, the car remains defective.

As Redline Finance has had one opportunity to repair the car and this has been unsuccessful, I'm satisfied it would be reasonable for Redline Finance to now accept Mr C's request to reject the car and end his hire purchase agreement with Redline Finance.

Redline Finance should therefore now arrange to take back the car from Mr C and end the agreement with nothing further owed. Mr C has had use of the car while in his possession, but this has not been the trouble free use he was expecting to have. Redline Finance should compensate Mr C for the impaired use he's had of the car and the 15% of the monthly hire purchase repayments the investigator recommended seems a reasonable sum considering the circumstances here. Mr C's statement of account shows a deposit payment of £415 was paid at outset, so this should also be refunded, with interest, to him.

Mr C has also suffered some trouble and upset as a result of being supplied the car that was not of satisfactory quality and Redline Finance should make an additional payment of £300 in recognition of this.

### **My final decision**

My final decision is that I uphold Mr C's complaint against Toyota Financial Services (UK) PLC trading as Redline Finance and direct it settle the complaint by:

- Taking back the car and ending the hire purchase agreement with nothing further owed
- Ensuring any costs associated with taking back the car are not passed on to Mr C.
- Refunding the £415 deposit payment Mr C paid and applying interest at 8% simple per year from the date of payment until the date of settlement.
- Refunding 15% of each monthly rental Mr C paid and applying interest at 8% simple per year from the date of each payment until the date of settlement.
- Ensuring no adverse information is recorded on Mr C's credit file once the agreement has ended.
- Paying Mr C an additional £300 for the distress and inconvenience he has been caused.

If Redline Finance does not make the settlement within 28 days of Mr C accepting this decision, interest at the same rate above should be added to the £300.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 17 January 2024.

Mark Hollands  
**Ombudsman**