

The complaint

Mr M complains Zopa Bank Limited (Zopa) supplied him with a car that he believes wasn't of satisfactory quality.

What happened

In February 2023, Mr M entered into a 48 month agreement for a used car. The car's cash price was around £11,900. It was first registered in March 2014 and it had travelled over 96,900 miles. Mr M was required to make monthly payments of around £316.

Very shortly after collecting the car, the exhaust fell off which in turn damaged the rear bumper. The car was returned to the dealership and they carried out repairs. However Mr M complained the bumper was of a different colour and it had damage to it. Soon thereafter, Mr M said he had to replace one of the tyres as it was damaged. He complained to Zopa.

An independent inspection was carried out in March 2023. It said although the bumper had been repaired further rectification was needed as it was loose, had broken trims and it was of a different shade of colour. It also said the offside front coil spring caused the damage to the tyre and it needed to be replaced. Given the time since supply and the miles covered, the inspection concluded it was the responsibility of the dealership to remedy the faults.

Zopa accepted to cover the cost of the repairs to the front coil springs and wheel alignment (around £650). They also agreed to refund one month's instalment for the distress and inconvenience caused. Concerning the damage to the bumper, they said the repairs were carried out by the dealership prior to their involvement and the issue doesn't impact the overall use of the car so they wouldn't be doing anything further.

Unhappy with their response, Mr M referred the complaint to our service. He recommended the complaint was upheld. In addition to what Zopa had already agreed to do, he said they should either arrange for the bumper to be repaired or to reimburse the cost of it should Mr M arrange the repair himself.

In response, Mr M said he didn't believe the resolution was enough as he had been left without the car for around two months and during that time he incurred costs for alternative travel which he wanted to be compensated for. Following this, the investigator said Zopa should refund two months of instalments as Mr M didn't have use of the car and pay £150 compensation for the distress and inconvenience.

Zopa accepted the dealership's repair to the bumper wasn't to industry standard. They agreed to cover the cost but asked Mr M provide a quote for the repair. They also accepted to pay £150 compensation. However they believed the refund of a further month's instalment (meaning a total of two months) wasn't reasonable because there was no evidence of how long the repairs lasted and Mr M was without a car.

In November 2023, I issued a provisional decision outlining my intentions to uphold the complaint. I said:

“Mr M was supplied with a used car that was around nine years old and had travelled over 96,900 miles. For used cars, it’s reasonable to expect parts may already have suffered notable wear and tear when compared to a new car or one that is less travelled.

Based on the evidence I’ve seen including the inspection report, diagnostic report, pictures and correspondence with the dealership, it’s evident there was a fault with the car. Almost immediately upon acquiring it, the exhaust fell off and damaged the rear bumper. Having read the findings of the inspection report, it’s clear there was also a fault with the coil springs which needed to be replaced. I don’t find a reasonable person would expect to experience such issue so soon after acquiring the car.

In light of the above, I don’t find the car was of satisfactory quality when supplied meaning there was a breach of contract. It wasn’t reasonably durable. Broadly speaking, Zopa accepts the same so I won’t comment on this any further. However what is left in dispute is how to put things right.

Zopa has already paid to cover the cost of the coil springs and the wheel alignment. In response to the investigator’s second view, they have also confirmed they are willing to cover the cost of repairs for the bumper upon Mr M providing an up to date quote. I consider this to be fair.

Where the main dispute lies is how to compensate Mr M for the time he was left without the car. According to Mr M when the dealership carried out the initial repairs, he was provided with a courtesy car for a couple of weeks. As he was kept mobile, I won’t be asking Zopa to refund this time period.

It would appear Mr M was able to use the car for around a week before he had the issue with the tyre which needed replacing as a result of the damaged coil spring (around mid March 2023). Thereafter he arranged for a diagnostic report and the independent inspection was carried out. According to Mr M he was told by the inspector not to drive the car due to the fault with the coil spring as there was a risk it could cause further damage to the tyres. Based on the findings of the report, I consider this to be plausible and I have no reason to doubt Mr M was told this. Unable to use the car, this meant Mr M had to arrange alternative travel such as buses, trains, etc to get to work. He has provided travel receipts which supports the same. Based on emails I’ve seen, he was able to use the car again around 18 April 2023. So I find Mr M was without use of a car for around a month and not around two months as he’s alleged. Therefore to compensate him for this and the travel expenses, Zopa should refund one month instalment.

Mr M has also provided evidence of additional costs he’s incurred as a result of being supplied with a faulty car. This includes the cost of a tyre (£80) and a diagnostic report (£62.50). If Zopa hasn’t already refunded these costs in full, they should do so.

The investigator recommended £150 compensation for the distress and inconvenience caused which Zopa has accepted. However I intend to increase this to a total of £300 given the likely impact of this situation on Mr M. He’s had visits to the dealership and third party garages, and had the inconvenience of having to arrange alternative travel to commute to work which from my understanding isn’t nearby. I’ve also taken into consideration that the car will need a further repair to the bumper therefore causing further inconvenience to Mr M. Given the circumstances, I find £300 is a more fair amount of compensation for the distress and inconvenience caused”.

Response to the provisional decision.

Mr M said the courtesy car provided wasn't a like for like car and it had its own issues which he didn't feel safe driving in but he had no alternative. He also provided further detail about the distress and inconvenience this situation has caused him including taking a day off work for the car to be looked at. He also said while the car was at the dealership, they covered 200 miles in it without his consent to do so.

Zopa said they had already offered compensation on a separate complaint concerning issues related to the suspension and gearbox. They asked whether this was taken into account in my provisional findings.

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.

I thank Mr M for his further submissions. I want to reassure him I have carefully considered the trouble, upset and inconvenience by this situation and I appreciate it has been going on for some time and further repairs still need to be carried out. I've taken all this into account when deciding on the compensation amount and I remain of the opinion this is fair.

In regards to Zopa needing to pay 8% simple interest per year on the refunds I've told them to pay, I invite Mr M to look at our website for more details as it outlines our approach to awarding compensation. Concerning the mileage covered by the dealership, I have insufficient evidence of this so I won't be making a further award.

In relation to Zopa's remarks, I haven't taken into consideration the matters raised under the other complaint as that concerned different issues to those presented in this case. For the points subject to this complaint, I'm awarding £300 compensation for the trouble and upset caused.

On the basis I haven't been provided with any further information to change my decision I still consider my findings to be fair and reasonable in the circumstances. Therefore, my final decision is the same for the reasons as set out in my provisional decision.

My final decision

For the reasons set out above, I've decided to uphold the complaint.

To put things right, Zopa Bank Limited must:

- Arrange for the bumper to be repaired OR refund Mr M for the cost of it upon proof of evidence (quote to be provided in advance)*;
- Refund the cost of the tyre and the diagnostic report (if not already refunded)*;
- Refund one month of instalments to reflect the loss of use of the car*;
- Pay a total of £300 compensation to Mr M for the trouble and upset caused.

*Zopa Bank Limited should also pay 8% simple interest per year on all the above refunds calculated from the date of payment up to the date of settlement.

*If Zopa Bank Limited considers tax should be deducted from the interest part of my award it should provide Mr M with a certificate showing how much it has taken off, so he can reclaim that amount if he is entitled to do so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 18 December 2023.

Simona Reese
Ombudsman