

The complaint

Mr P complains that he hasn't received a refund of his deposit after Marsh Finance Limited (MFL) agreed to rejection of a car he acquired through a Hire Purchase Agreement (HPA) with MFL. He would like his deposit refunded.

What happened

The details of this complaint are well known to both parties so I won't repeat them again here. Instead, I will focus on giving the reasons for my 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 have reached the following conclusions:-

- There is no dispute that the car wasn't fit for purpose at the point of sale so MFL allowed Mr P to reject it. The main issue for me to address is redress. Our investigator recommended MFL added 8% simple interest to repayments already refunded, refunded Mr P's deposit and paid £100 compensation for the distress and inconvenience. MFL doesn't accept any of these recommendations.
- It is standard for us to apply 8% simple interest from the date of payment to the date of settlement for any refunds on rejection of a vehicle. I appreciate MFL's point that it refunded Mr P's repayments prior to our investigator issuing his view but I don't think the timing is relevant. I think it was appropriate that MFL refunded the payments and have noted it made no deduction for any use of the car. However, as Mr P only drove the car for 346 miles and reported faults within the first 30 days of having the car I think MFL acted appropriately in not making deductions for fair use. However, I see no reason not to depart from our usual view of applying 8% simple interest on payments from the date made to the date MFL refunded them.
- In terms of the deposit of £675 this is clearly noted on the HPA Mr P signed. I don't accept MFL's point that it has no responsibility for this as the money was paid to the dealership. MFL is responsible for the actions of those involved in setting up the agreement with MFL. So, it does have responsibility to refund the deposit as Mr P is entitled to have his deposit refunded on rejection.
- Finally, MFL doesn't agree Mr P should get the £100 distress and inconvenience payment our investigator recommended. I don't think MFL's point that in its view the car wasn't unsafe to drive is relevant to the issue of compensation. There was sufficient reason for MFL to agree rejection early into Mr P's agreement. I don't think Mr P could have foreseen he would have had problems so early into his agreement so I do think that caused him some inconvenience. Also, MFL acknowledged in its submissions to us that there were several delays with the broker and dealership in relation to Mr P's request to unwind the finance agreement. It seems to me that

£100 is a modest payment which I think is more than appropriate in the circumstances.

My final decision

My final decision is that I uphold this complaint

In full and final settlement Marsh Finance Ltd should:-

- Refund Mr P's deposit of £675 with 8% simple interest from the date of payment to the date of settlement .
- Pay Mr P 8% simple interest on the repayments it has already refunded from the date of payment to the date of refund
- Pay Mr P £100 for the distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 1 November 2023.

Bridget Makins
Ombudsman