

## **The complaint**

Miss K complains about a used car supplied to her under a hire-purchase agreement with Oodle Financial Services Limited trading as Oodle Car Finance. The car has been diagnosed as having a fault with the electronic device that controls the gearbox.

## **What happened**

In November 2021, Miss K entered into a hire-purchase agreement with Oodle under which she was supplied with a used car. The car was first registered in June 2012 and had covered around 49,000 miles at the time of the agreement. The cash price attached to the car was £9,705, with Miss K contributing £1,400 via a part-exchange.

Miss K describes that shortly after taking delivery of the car she experienced problems with gear selection and shifting, with the situation becoming progressively more noticeable over the time she's had possession of the car. She says that the car displayed multiple error messages, including oil level warnings, and that she found the car juddered and rattled significantly. Miss K initially put the issues with the gear shifting down to unfamiliarity with the vehicle, and had the error messages cleared by garages to whom she took the car.

Eventually, after the car broke down in 2023, Miss K was told that there was likely a problem with the mechatronic unit that controls the gearbox. She complained to Oodle about the car's condition, expressing the view that the unit in question was a non-serviceable part that could be expected to last many more miles, and certainly for the term of the finance, which still had almost two years to run. Miss K has suggested the car was not fit for purpose or of satisfactory quality.

Oodle paid towards the cost of an independent inspection, carried out by a third party "G", who produced a report dated 25 November 2023. G's report took into account discussions with both Miss K and the mechanic who was looking at her car. G noted that in the two years since getting the car Miss K had covered around 31,000 miles, and that during that time the car had displayed fault codes consistent with issues with the mechatronic unit. He concluded that the current issue with the car – the failure of the mechatronic unit – could have been developing since purchase.

In its final response letter dated 5 December 2023, Oodle said it wasn't willing to meet the cost of repairing the car. It didn't think G's report was sufficient evidence that the current problems were present or developing when it supplied the car to Miss K, noting that G's findings were based on what Miss K had told him. Oodle said that there was no supporting evidence to demonstrate that Miss K had experienced problems since getting the car, and that the issue identified would have prevented the car from being driven for approximately 30,000 miles since that point.

Our investigator didn't think Oodle needed to do anything further to resolve Miss K's complaint. He felt the available evidence wasn't enough to show that the current problem pointed to a lack of satisfactory quality or durability such that Oodle was liable to her under the Consumer Rights Act 2015 ("CRA").

Miss K didn't accept the investigator's conclusions and asked for this review, as she's entitled to do under our rules. As I understand it, she has exercised the voluntary termination provision in the hire-purchase agreement and Oodle is now in possession of the car.

### **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, while I recognise Miss K's disappointment at the conclusions our investigator reached, I'm afraid I'm going to disappoint her again when I say that I'm not upholding her complaint. I'll explain why.

Hire-purchase agreements entered into by consumers are covered by legislation including the CRA. One of the effects of the CRA is that all contracts to supply goods to consumers are to be read as including certain terms into the contract, including that goods are of satisfactory quality when supplied. The CRA says that quality of goods includes aspects such as fitness for usual purpose, appearance and finish, freedom from minor defects, safety and durability.

Taking into account when Miss K notified Oodle of the problems with the car, it is for her to demonstrate that the car was not of satisfactory quality, taking account of matters such as any description of the car and the price paid. Here, Miss K was getting a car that was over nine years old, had covered around 49,000 miles, and cost around £9,700.

What one might reasonably expect when acquiring such a vehicle is going to be different from what one might reasonably expect when getting a new car. Buying a used vehicle carries inherent risks when compared to buying new – even with a full service history, there is no guarantee of the way in which previous keepers have driven the vehicle. And any mechanical vehicle will over time need replacement parts. A person acquiring a car at this stage of its life can't reasonably expect that they won't need to spend money on fixing things that might go wrong.

Miss K has said she's been told that the mechatronic unit is a non-serviceable part and has an expected lifespan of 120-150,000 miles. But the lifespan of any part is very much dependent on various factors. Some will go beyond this point; others may fail well before. I'm not aware that the manufacturer warrants the mechatronic unit for this distance or age, and I think that presents a real difficulty in demonstrating a lack of durability, even though the current mileage of 82,000 is rather less than the figure Miss K has been given.

I'm conscious Miss K has made a point about the car failing within the term of the hire-purchase agreement. I don't consider this to be indicative of the car being unfit for purpose as the CRA requires. The finance term isn't a guarantee or warranty of the condition of a car – it's generally more likely to indicate the point at which the payments are affordable to the borrower.

It wouldn't be reasonable for me to say that someone acquiring a car over a one-year term would be entitled to a lesser expectation than someone who was paying over a five-year term for the same car. Nor do I consider that the fitness for purpose provision is of much assistance to Miss K in the arguments she seeks to make. The usual purpose in acquiring the car was served, as evidenced from the 31,000 miles that Miss K covered.

I've no reason to dispute what Miss K said about the problems she experienced relatively early on after getting the car. I think G was entitled to take these into account in his report, along with the evidence from the mechanic who examined the car. And the report does cite

evidence that points towards a problem that was developing at point of supply, though the failure didn't occur until quite some time later.

Against that, there were apparently a number of warning signals in the course of Miss K's use of the car that ought to have alerted her to the possibility that further examination was needed. She has described the oil warning light and a number of error messages that were cleared by the garages to whom she took the car. I haven't seen anything to suggest that any proper examination of the vehicle was undertaken on these occasions, and it seems to me quite possible that this contributed to the situation developing to the point of ultimate failure.

The failure of the car is undoubtedly unfortunate and I can empathise with the position Miss K found herself in. But like our investigator, I don't think the available evidence is sufficiently persuasive such that I could properly say that Oodle was in breach of its obligations under the CRA, or that it needs to compensate Miss K.

### **My final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms K to accept or reject my decision before 5 June 2024.

Niall Taylor  
**Ombudsman**