

The complaint

Mrs W complains about the quality of a used car she acquired under a hire purchase agreement (“agreement”) with Secure Trust Bank Plc (“STB”).

What happened

On 23 August 2022 Mrs W acquired a used car costing £11,804.00 under an agreement with STB. The agreement was brokered by a company that I will call “C”. The car was acquired with an odometer reading of 73,489.

Under the terms of the agreement, everything else being equal, Mrs W undertook to make 59 monthly payments of £274.36 followed by 1 monthly payment of £284.36 making a total repayable of £16,471.60 at an APR of 14.9%.

Shortly after taking delivery of the car Mrs W says she noticed the boot lid wouldn’t lock and some damage to the paintwork.

The original supplying dealership agreed to inspect the car (and repair if necessary), but Mrs W wasn’t prepared to return the car to it.

On 6 October 2022 Mrs W had the boot lid issue investigated and repaired by a garage at a cost of £78.00. The same garage also provided Mrs W with a repair estimate for other works totalling £1,236.65.

On 19 October 2022 Mrs W complained to STB.

On 21 October 2022 Mrs W returned the car to the supplying dealership saying she no longer wanted it. However, the supplying dealership said it was unable to identify any faults with the car or any repairs that were required.

On 26 January 2023 the car was inspected at the supplying dealership’s premises by an inspector appointed by STB with the odometer reading was 73,980. The report compiled following this inspection concluded the car was of satisfactory quality.

On 3 February 2023 STB issued Mrs W with a final response letter (“FRL”). Under cover of this FRL STB said that given an independent inspector had found no faults with the car it wasn’t upholding Mrs W’s complaint.

Mrs W’s complaint was considered by one of our investigators who came to the view that there was insufficient evidence to demonstrate that the car had any faults and/or that it wasn’t of satisfactory quality when first supplied. In other words, the investigator concluded that Mrs W’s complaint shouldn’t be upheld.

Mrs W didn’t agree with the investigator’s view, so her complaint has been passed to me for review and 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.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome. I would also add where the information I've got is incomplete, unclear, or contradictory, as some of it's here I've to base my decision on the balance of probabilities.

As the agreement entered by Mrs W is a regulated one this service is able to consider complaints about it. STB are also the supplier of the goods under the type of agreement Mrs W entered into and is responsible for a complaint about the quality of the goods supplied.

The Consumer Rights Act 2015 ("CRA") covers agreements like the one Mrs W entered into. The CRA implies a term into the agreement that the goods are of satisfactory quality at the point of supply. Cars are of satisfactory quality if they are of a standard that a reasonable person would find acceptable, taking into account factors such as – amongst other things – the age and mileage of the car and the price paid.

The CRA also says that the quality of goods includes their general state and condition, and other things like their fitness for purpose, appearance and finish.

But on the other hand, satisfactory quality also covers durability. For cars, this means the components must last a reasonable amount of time. Of course, durability will depend on various factors. In Mrs W's case the car was approximately 10 years old and had covered approximately 73,000 miles when she acquired it. So, I'd have different expectations of it compared to a brand-new car. Having said that, the car's condition should have met the standard a reasonable person would consider satisfactory, given its age, mileage and price.

I accept that Mrs W believes the car was of unsatisfactory quality when it was supplied to her and that she raised the boot lid issue, even if it wasn't with STB, within 30 days. I also note that within 6 weeks of taking possession of the car Mrs W had the car inspected by a garage and that garage carried out a repair to the boot lid and identified a number of other items requiring repair.

First I would like to address the issue with the boot lid. Now I'm satisfied, based on what Mrs W has said and submitted, that there was possibly a fault with the boot lid. But I'm not persuaded that this made the car of unsatisfactory quality when supplied especially given how quickly Mrs W was able to get this issue fixed and for a price of only £78.00. And because of my view in this respect, and other relevant considerations which I don't list, nor do I need to list, in this decision it follows that Mrs W wasn't deprived of her short term right to reject the car, as provided for under the CRA.

I will now turn to the other faults the garage that repaired the boot lid said required repair at an estimated cost of over £1,000.

Now I can understand that receiving an estimate for repairs of over £1,000 would have caused Mrs W to question the quality of the car. But this estimate doesn't say that these faults were present, or developing, at the time of supply.

Now given how quickly Mrs W raised her concerns about the car's quality with STB I'm satisfied that it was STB's responsibility to provide evidence that the car was of satisfactory quality when supplied to Mrs W by arranging, for example, an independent inspection of it.

Now I accept that Mrs W has reservations over the inspection STB arranged and the report produced following that inspection. But I'm satisfied that this report can be relied upon and constitutes both plausible and persuasive evidence. And given that this report was unable to identify any faults with the car, including those Mrs W had specifically brought to STB's attention, and given the car passed an MOT test on 15 June 2022 (with a recorded mileage of 73,127) with no advisories I can't reasonably conclude that the car, when supplied to Mrs W, was of unsatisfactory quality.

For the sake of completeness, I've considered whether it would be appropriate for me to direct STB to refund Mrs W the £78.00 she paid to have the boot lid fixed. But given that the dealership agreed to look at the car and undertake any necessary repairs (an option Mrs W didn't take up), I don't think it would be appropriate for me to do so.

I appreciate Mrs W will be disappointed by my decision. But taking everything into account I'm satisfied that STB doesn't need to do anything more in respect of this complaint. However, I would remind it that if Mrs W is in financial difficulties that it treats her in line with its regulatory obligations.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 16 August 2023.

Peter Cook
Ombudsman