

The complaint

Mr B complains Oodle Financial Services Limited (Oodle) supplied him with a car that he believes wasn't of satisfactory quality.

What happened

The details of this case are well known to both parties so I won't repeat them. The facts are not in dispute so instead I'll focus on giving the reasons for my decision.

In October 2023, I issued a provisional decision upholding the complaint. I said:

"The investigator has outlined in full the circumstances surrounding this complaint so I won't repeat them in full. But in summary, they found the car wasn't of satisfactory quality at supply due to a number of faults, but mainly due to the fault with the air mass sensor. He relied on job cards and the findings of the independent inspections when reaching his outcome. He found there had been at least one opportunity to repair by the dealership but faults remained with the car. Both parties accept the car wasn't of satisfactory quality so I won't comment on this further.

The investigator recommended a number of things Oodle must do to put things right. Although Mr B broadly accepts the findings, he said he believes the actions of the dealership and Oodle were premeditated. He comments on the delays and the lack of response from them about the complaint. He says the £2,000 deposit was paid directly to the dealership and he questions the charges related to the mileage.

I wish to assure Mr B I've carefully considered what he has said. I appreciate this situation has been going on for quite some time which has caused him frustration and inconvenience but I can't reasonably agree that Oodle nor the dealership have gone out of their way to cause these issues. It is an unfortunate set of circumstances and I'm sorry to hear the car didn't perform as he expected.

Similar to the investigator, I agree that in order to put things right Oodle should allow rejection of the car and end the agreement. They should collect the car at no cost to Mr B and refund the cash deposit of £2,000.

I note Oodle's comments that once the car is returned it would be subject to inspections for damage and they will also consider the mileage Mr B has covered. However I don't find this would be fair for them to do so. This is because I'm recommending the agreement is unwound. Essentially given the car wasn't of satisfactory quality, I'm seeking to put Mr B as close to the position he would've been in had he not entered into the agreement at all. For that reason, in the event damage is found to the car, I don't find it would be reasonable for them to charge Mr B for the same or for excess mileage (calculated on a pro rata basis).

Mr B has provided evidence he paid around £100 for a diagnostic report from a manufacturer approved garage. As this evidence found the fault which meant the car wasn't of satisfactory quality, Oodle should reimburse the same.

Although there were faults with the car, based on the amount of miles covered by Mr B it's clear it didn't prevent him from using it. So it's fair for him to pay for the use of the car therefore I won't be asking Oodle to refund the monthly instalments he paid. But instead refund 5% of the monthly instalments paid to reflect the impaired use.

I can see Oodle was willing to consider the costs incurred by Mr B for use of a hire car upon receipt of evidence. From my understanding, they have agreed to pay one invoice but Mr B says there's others they should reimburse him for. He has provided copies of the invoices but Oodle says it isn't sufficient as it's not on headed paper, there are no details of the hire firm nor does it show it's VAT registered. Having seen the evidence, which are hand written invoices, I believe it's fair for Oodle to say it isn't enough. Equally based on the mileage, it was clear Mr B was still using the car, he had covered around 1000 miles in the month of October 2022. Once the car was returned for repair in December 2022, he was provided with a courtesy car to keep him mobile. I won't be asking Oodle to refund any further invoices for the hire car.

When taking out this finance agreement it included around £1,400 of negative equity from a previous agreement that the dealership settled. This meant this amount was added to the agreement with Oodle. Even though I'm saying the agreement must come to an end, I won't be asking Oodle to 'write off' this negative equity amount, as Mr B would unfairly benefit from the same. I believe it's fair for Oodle to offset the above refunds against the negative equity. If upon calculating the above this leaves a balance due from Mr B then I believe it's fair he pays this to Oodle. They've said he must pay this first before they consider unwinding the agreement but I don't find that to be reasonable. They should put things right as I've outlined and if there's a balance owed, Mr B should pay this. In the event he is experiencing financial difficulty or unable to pay this as a lump sum, I wish to remind Oodle of the expectation he is treated with due consideration and forbearance.

Lastly, given the likely impact of this situation on Mr B including multiple trips to the garage for repair and the extent of his communication with Oodle and the dealership, I find Oodle should pay £150 compensation for the trouble and upset caused.

Overall, I'm not satisfied the car supplied to Mr B was of satisfactory quality due to the fault with the air mass sensor. So to put things right, he should now be allowed to reject the car and be reimbursed costs as outlined above. However Oodle can take into account the amount they paid to settle Mr B's previous car finance agreement".

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.

Mr B provided no further comment. Oodle confirmed there was around £1,400 of negative equity in this agreement so the deposit wouldn't be refunded. However I wish to reiterate I've already considered this. I said any refunds should be offset against the negative equity.

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 Mr B's complaint.

To put things right, Oodle Financial Services Limited must:

- End the agreement with nothing further for Mr B to pay;
- Collect the car at no cost to Mr B;
- Refund the £2,000 cash deposit plus pay 8% simple interest per year from the date it was paid up to the date of settlement;
- Refund 5% of the monthly instalments paid to reflect impaired use plus pay 8% simple interest per year from the date it was paid up to the date of settlement;
- Reimburse Mr B for the cost of the diagnostic report in October 2022 plus pay 8% simple interest per year from the date it was paid up to the date of settlement;
- The above refunds should be offset against the negative equity;
- Remove any adverse information about this agreement from Mr B's credit file;
- Pay £150 compensation to Mr B for the trouble and upset caused.

*If Oodle Financial Services Limited considers tax should be deducted from the interest part of my award it should provide Mr B 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 B to accept or reject my decision before 11 December 2023.

Simona Reese
Ombudsman