

The complaint

Mr T has complained about the quality of a car he acquired, using finance from Creation Consumer Finance Ltd.

What happened

In early 2022, Mr T took out a finance agreement for a used car, with a cash price of £32,000. However, he's explained he soon experienced a number of problems with it, including issues with the tyres, roof and alarm, in addition to an attempt to repair the reverse cameras. Although the dealership referred him to the warranty provider, this didn't cover all of the costs.

Mr T wanted to reject the car, as he didn't think it was of satisfactory quality. Unhappy with Creation's response to this, he brought his complaint to our service.

One of our investigators looked into what had happened. He was satisfied, on balance, that the car was faulty. This was based on the relatively low mileage of the car, and the clear presence of issues as evidenced by an inspection and acceptance of a warranty claim. He also thought the faults had been present, or developing, at the point of supply – as they'd been reported so soon after by Mr T. Specifically, he thought the car wasn't sufficiently durable. He considered rejection to be a fair remedy, as repairs had already been attempted on the reverse camera – and there were also numerous other issues, all coming to light within around two months of supply.

He noted that Mr T had generally had use of the car, up until December 2022, when the battery died because of ongoing issues with the malfunctioning alarm. So he thought it fair that Mr T be reimbursed his monthly repayments from that point. He also thought it fair he be reimbursed for inspection costs of £144. He felt that Mr T had also suffered distress and inconvenience, and should be paid a total of £250 to reflect this (including the £100 already offered by Creation).

Upon further consideration, our investigator also thought that Mr T should be refunded the cost of his warrant, as this is a consequential loss. Although there may have been some minor benefit to Mr T, he'll have no further use of the warranty, and he can't cancel it as he's already made a claim under it.

Creation disagreed, as it feels it did all it could to try to assist Mr T. The complaint's now been passed to me.

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 agree with the investigator, and for the same reasons. It's clear there are issues with the car, and I'm satisfied the car wasn't of satisfactory quality when supplied. This is because so many issues presented themselves within only a few months. Although

the car was second hand, it was a luxury vehicle, with a low mileage. For all of these issues to manifest so soon, I'm satisfied, on balance that it wasn't of satisfactory quality, and Mr T should fairly be allowed to reject it, and be paid the losses incurred, as described by the investigator. I'm also satisfied that he suffered distress and inconvenience, and £250 is a fair sum to reflect this. I appreciate that Creation says it tried to assist Mr T, but he was entitled to choose to pursue matters through our service.

Putting things right

To put things right, Creation should:

- end the agreement with nothing further for Mr T to pay;
- collect the car at no further cost to Mr T;
- refund Mr T's deposit/part exchange contribution of £5,000;
- refund Mr T's monthly repayments for the period from and including December 2022;
- refund Mr T the investigation costs of £144;
- refund the cost of Mr T's warranty;
- pay 8% simple yearly interest on all refunded amounts, from the date of each payment to the date of settlement;
- pay a total of £250 compensation for the distress and inconvenience caused (insofar as this hasn't been paid already); and
- remove any adverse information from Mr T's credit file in relation to the agreement.

My final decision

It's my final decision to uphold this complaint. I require Creation Consumer Finance Ltd to take the actions set out above, in the section 'Putting things right'.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 16 November 2023.

Elspeth Wood
Ombudsman