

The complaint

Mr S complains about the quality of a car he has been financing through an agreement with CA Auto Finance UK Ltd ("CA Auto").

What happened

Mr S acquired a used car using a personal contract purchase ("PCP") agreement with CA Auto in April 2023. The cash price of the car was £39,950. An advance payment of £6,999.73 was made and the total amount payable under the 49-month agreement was £48,969.77. The mileage of the car at the point of supply was around 29,500 miles and the car was around five years old.

When Mr S collected the car, he said he noticed issues with it. The issues he said he noticed was that the:

- car was pulling to one side when driving;
- seat upholstery was torn in areas;
- steering wheel vibrated at high speed;
- front tyres were worn out on their outer edges;
- alloy wheels were defective; and
- car was missing some brand emblems.

Mr S received a quote from a third-party for the replacement of tyres for around £710. This included fitting and a wheel balance test. Mr S also received another quote of around £250 for repairs to fit new track rods.

Mr S complained to CA Auto and asked to reject the car. CA Auto gave Mr S their final response in May 2023. In summary, they didn't believe a rejection of the car was fair. They said most of the issues Mr S brought to their attention seemed to be due to a wheel alignment issue. And they didn't believe this was a fault with the car at the point of supply, but rather due to its age and mileage, said it could have been caused by an external factor when Mr S had the car.

CA Auto also believed no information supplied by Mr S suggested the tyres supplied with the car were not legal or unroadworthy. CA Auto then went on to say that Mr S had the opportunity to inspect the car and should have alerted the supplying dealership to any cosmetic damage he was unhappy about. And so, they didn't think they had done anything wrong here.

As a gesture of goodwill, the supplying dealership had offered to make a part payment towards the tracking, and also pay a contribution towards two tyres. In total, Mr S was offered £150.

Unhappy with CA Auto's response, Mr S referred his complaint to our service. Our investigator found that CA Auto didn't need to do anything further. In summary, she said while there was likely a fault with the car due to its wheel alignment, she didn't think the car was of unsatisfactory quality at the point of supply to warrant a rejection of it.

Mr S disagreed with the investigator's findings. He said, among other things, that just because the car is around five years old, shouldn't mean it is acceptable for it to have incorrect steering on the road. Mr S also said the car was advertised with a full-service history. Mr S provided our service of a photo of the car's tyre sealant kit, which had a date of March 2023 printed on it. He believed this showed the car hadn't been serviced around the time of collection. He also said issues such as the vibrating steering wheel should have been noticed in its service.

As Mr S disagreed, the complaint was passed to me to decide.

I issued a provisional decision on 16 January 2024 where I explained why I intended to uphold Mr S's complaint. In that decision I said:

"If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is a fair outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

Mr S complains about the quality of a car supplied under a PCP agreement. Entering into regulated consumer credit contracts like this as a lender is a regulated activity, so I'm satisfied I can consider Mr S's complaint against CA Auto.

When considering what's fair and reasonable, I take into account relevant law and regulations. The Consumer Rights Act 2015 ("CRA") is relevant to this complaint. The CRA explains under a contract to supply goods, the supplier – CA Auto here – has a responsibility to make sure goods are of satisfactory quality. Satisfactory quality is what a reasonable person would expect – taking into account any relevant factors.

I would consider relevant factors here, amongst others, to include the car's age, price, mileage and description. It's important to note that Mr S's car was used. So, I don't think a reasonable person would expect it to be in the same condition as a new one.

But, that being said, Mr S's car was around five years old, cost around £40,000 and had an advertised mileage of around 29,500 miles. I've also considered that the car was the flagship version of the model Mr S acquired. So, considering all the relevant factors above, I think a reasonable person would've expected the car to be in good condition, free from anything other than very minor issues and would expect trouble free motoring for some time.

What I need to decide in this case is whether the car was of satisfactory quality or not. The first thing to consider is whether the car developed a fault.

I have seen a copy of a tyre inspection conducted by a third-party a few days after the point of supply. In its comments, it said:

"Front tyres advised on outer edge. Alignment needs adjustment. Customer has vibration issue suggest new tyres."

Another quote Mr S received had comments which said:

"toe angles on the front out of alignment attempted to adjust both nsf and osf (unsuccessful due to being seized) requires new track rod ends each side as cannot apply heat to steering components..."

This is consistent with what Mr S has said. The evidence shows the wheels were out of alignment and that they couldn't be adjusted without replacing specific parts to the car. And this suggests that, while they may have been road legal, the tyres were causing issues with how the car drove.

So, I'm satisfied that there was a fault with the car, and this likely is the reason Mr S was experiencing several of the issues he had, such as the car pulling to one side, vibration of the steering wheel at high speeds, and worn tyres.

I now need to determine whether this fault means the car wasn't of satisfactory quality at the point of supply.

Considering everything here, I don't think a car costing around £40,000, with a relatively low mileage for its age, should have developed a fault as it has. It follows that I don't think a reasonable person would consider it to have been of satisfactory quality when it was supplied to Mr S.

I can see that in CA Auto's final response, the supplying dealership said it would make a part payment towards the tracking, and pay a contribution towards two tyres, if Mr S provided an invoice. In total, Mr S was offered £150. However, I don't think this is enough in this instance to put things right.

I've considered Mr S's rights under the CRA. The CRA explains a consumer has the "short term right to reject" if goods are of unsatisfactory quality and the consumer exercises this right within 30 days of the goods being transferred to their possession.

The final response said Mr S made CA Auto aware on 20 April 2023 of his wish to reject the car. This was the next day after he had acquired it.

I'm satisfied Mr S had a short term right to reject the car and exercised this right within the time limits set out in the CRA. It follows I'm satisfied CA Auto should have allowed him to reject the car, and I think it is fair and reasonable that Mr S should still be able to do this.

However, Mr S wasn't given the option to reject the car and has provided quotes of repairs that were needed. These quotes said that new track rods needed to be fitted, tyres were advised to be replaced and for wheels to be realigned. As only quotes for the repairs and new tyres have been provided, it isn't clear if Mr S went ahead and paid for them or not. If Mr S has, then I would expect CA Auto to reimburse him for these out-of-pocket expenses, upon production of valid receipts.

Mr S has also said he noticed other issues with the car such as to its seat upholstery, brand emblems missing, as well as defects to alloy wheels.

Mr S has explained that he didn't have the opportunity to fully inspect the car during its handover. He said, among other things, that the car was wet when inspected, so it was hard to fully examine. And he said that the supplying dealership rushed him to sign the paperwork because they had to leave to attend a different appointment.

I appreciate Mr S's overall comments here. But I think most of these issues should have been apparent even if the car was inspected when wet. But, in any event, I've already explained why I don't think the car was of satisfactory quality at the point of supply and why I think Mr S should be able to reject the car. So, I don't need to make a finding on whether these cosmetic issues also make the car of unsatisfactory quality.

Mr S also says the car likely hadn't been serviced in line with how it was advertised and has given an example of a photo of an expired tyre sealant kit. I appreciate Mr S's point here that the tyre sealant kit likely wasn't inspected as he might have expected, but I don't think this in itself confirms that a service wasn't completed. And in any event, I again don't think I need to make a finding on this point, as I've already explained why I don't think the car was of satisfactory quality at the point of supply.

Mr S believes the monthly repayments he has paid as part of the agreement should also be reimbursed. However, I don't think they should as Mr S has had use of the car while he has been making repayments.

I'm mindful of the inconvenience to Mr S due to the fault with the car, and the impact this has likely had as he wasn't able to return it when he initially asked to reject it. And as a result, he has had to pay for repairs to the car out of his own pocket and has spent time getting the car inspected and repaired. With that in mind, I think CA Auto should pay Mr S £200 for the inconvenience caused to him."

I set out that I intended to uphold this complaint. And I gave both parties the opportunity to send me any further information or comments they wanted me to consider before I issued my final decision.

Responses to the provisional decision

Mr S responded and said, among other things, that he doesn't believe the distress and inconvenience award I was intending to direct the business to make was enough. He said this complaint has caused him stress and anxiety.

Mr S also says he was threatened by the supplying dealership when he told them he wanted to reject the car.

Mr S also believes he should receive his monthly repayments back and was unhappy some elements of my intended instruction to CA Auto might be subject to tax deduction.

CA Auto responded and said that they accept my provisional decision.

As both parties responded before the deadline I set, I went on to reach my final 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'm not persuaded to change my opinion from the provisional decision I made.

I appreciate Mr S's comments here of the stress and anxiety he says he suffered due to this complaint. But I am satisfied the distress and inconvenience amount I will direct CA Auto to make is fair and reasonable.

I can't be sure of whether Mr S was threatened by the supplying dealership in this instance as I haven't been provided with any evidence to suggest he was.

And, as I've already said in my provisional decision, I don't think it is fair for Mr S to be refunded any monthly repayments he has made so far. Mr S has had full use of the car while

it has been in his possession. He has likely added further mileage to it, as well as wear and tear to it.

Turning my attention now to Mr S's comments about some elements of my instruction to CA Auto being subject to tax deduction. Tax legislation requires a business to deduct tax from certain aspects of an award made. Ultimately, this is a matter for CA Auto to work out and I suggest Mr S contacts HMRC if he remains unhappy.

In summary, I think CA Auto needs to do more in this instance to put things right. I'm satisfied the outcome reached is fair and reasonable given the circumstances.

My final decision

For the reasons I've explained, I uphold this complaint and I instruct CA Auto Finance UK Ltd to put things right by doing the following:

- Cancel the agreement with nothing further to pay.
- Collect the car at no cost to Mr S at a time and date suitable for him.
- Reimburse Mr S the total deposit of £6,999.73. If any part of this deposit was made up of funds through a dealer contribution, then CA Auto is entitled to retain that amount. *
- If evidenced, reimburse Mr S the costs he's incurred in having new track rods fitted, tyres replaced, and a wheel alignment test completed. * **
- Pay Mr S £200 to reflect the inconvenience caused.

* These amounts should have 8% simple yearly interest added from the time of payment to the time of reimbursement. If CA Auto considers that it's required by HM Revenue & Customs to withhold income tax from the interest, it should tell Mr S how much it's taken off. It should also give Mr S a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue and Customs if appropriate.

** Upon production to CA Auto of valid receipts which show each of these actions.

If CA Auto has already given compensation in relation to this complaint, the final amount should be less the amount already given.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 19 February 2024.

Ronesh Amin
Ombudsman