

## **The complaint**

Mr S complains about a car acquired through a Hire Purchase (PCP) agreement with CA AUTO FINANCE UK LTD ('CA'). Mr S had problems with the car and says these defects would've been present when the car was supplied. He's been paying large sums on a monthly basis, despite the faults with the car, and wants the agreement to be unwound.

## **What happened**

Mr S acquired the car in March 2023. When it was sold, it was four years and eight months old, had covered 48,943 miles (according to a report later carried out) and cost £58,000.00.

Mr S says he had an issue with the car's side steps within six months of acquiring the car. He says he reported faults within six months but the inspection could only be arranged later.

A manufacturer specialist garage carried out an inspection in October 2023. At this point the car had covered 52,316 miles, around 3,400 since supply. This report found a number of issues, but it made no comments about the origin of them or anything on how these related to the condition of the car at the point of supply. Mr S said none of the required repairs, costing over £8,000, were covered by the warranty.

Shortly after, the car had only done a further 59 miles, a separate inspection found many of the same issues, but said the mechanical faults would've been there more than 12 months. Mr S said his report was ignored which confirms the faults would've been there when the car was first supplied.

Mr S then complained to CA at the beginning of November 2023. The dealership carried out a health inspection some weeks later. It found the same issues as previous reports, but this also made no comment about the condition of the car at the point of supply.

A further inspection was carried out at the end of January 2024. The car had now covered 53,161 miles, so not substantially more than when the initial inspection was carried out three months earlier. They found that most of the issues highlighted were age-related wear and tear, and could have happened at any time, but the steering column gaiter would have been an issue at the point of supply.

When CA responded to the complaint in February 2024, it said the inspections had found the steering gaiter was likely failing at the point of supply and so the retailer would replace this. But the other issues weren't found to be present when the car was supplied and so wouldn't be the responsibility of the supplier. However CA said as a gesture of goodwill it would contribute to the cost of repairing the side steps, armrest storage and seat massager. Mr S said the car had been with the dealership for a long time and the courtesy car he was provided with wasn't like-for-like, so he'd been paying over and above what's fair.

After Mr S referred the complaint to our service, the car was returned to him in March 2024. But he says the central locking wasn't working. He was concerned about it not being secure and says he was advised to block the car in. He told us he withheld one payment while the car was with the dealership for three months.

After the investigator issued an initial opinion partly upholding the complaint, CA asked for an estimate and whether repairs had been carried out. Mr S initially said he hadn't had any repairs carried out. But he then went on to say he had as the car wasn't driveable when it was returned to him. But, apart from the central locking fault, the car was now driveable.

After some back and forth between the parties, the investigator issued another opinion. They thought the side steps issue was likely present at the point of supply because of evidence of earlier repairs. They thought the armrest and seat massager faults were present or developing at the point of supply, but the brakes and suspension bushes were wear and tear issues caused by the mileage covered, rather than being an issue from the point of supply.

They felt rejection of the car wouldn't be fair, but CA should pay for fixing the non-wear and tear issues complained of. They felt CA should also arrange for a hire car when these repairs were being carried out. Mr S should also be refunded 70% of his payments when he previously had a courtesy car because this wasn't comparable to the car he was paying for.

For the periods where the car wasn't of satisfactory quality, they thought 5% of his payments should be refunded, which included the period from March 2024 onwards where the faults complained of persisted. They thought his payments should also be refunded for the time Mr S didn't have the car due to inspections being carried out. And the £150 he spent on an inspection should be refunded. They thought this matter would have had an impact on Mr S and so CA should pay him a further £150 to reflect the distress and inconvenience caused.

Mr S accepted this, though he asked that original parts be used for the repair. CA said it would accept this, but it later provided comments from the dealership casting doubt on the reliability of Mr S's report as it was unsigned. Mr S then provided a signed copy of the report.

CA responded at the end of June 2024, saying it would action the redress, but said it would like an updated estimate for the work. It wasn't able to arrange a courtesy car so it would instead refund 70% of the payments. Though the investigator thought 100% was fair if CA couldn't keep Mr S mobile.

Mr S provided an up to date estimate which totalled £7,992.89. CA agreed and in mid-July 2024 it said it would settle the matter. But because it hadn't been settled it was arranged for an ombudsman to issue a final decision.

After the case was referred for an ombudsman's decision Mr S said he received a payment at the end of August 2024, but didn't know why. When the investigator queried this, CA sent a short email only confirming a payment had been made and then a follow-up saying to disregard that email. These emails didn't provide any further clarity.

However Mr S later confirmed the payment was for £10,957 and that he has had the repairs identified completed. He also had work done on the suspension costing roughly £1,200. He said there were further faults and queried how to now terminate the agreement.

As the case remained unresolved, it has been passed to me to issue a 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.

I'm required to take into account the relevant laws and regulations; regulators rules, guidance, and standards; codes of practice and, when appropriate, what I consider to have

been good industry practice at the relevant time. I may not comment on every point that's been raised, but I have read and considered everything that's been said. Instead I will focus on what I think are the key points to reach a fair and reasonable decision. This reflects the nature of our service which was set up to be an informal alternative to the courts.

Where information or evidence is missing or contradictory, I'll make my decision based on the balance of probabilities – that means what I consider to have more likely than not happened – given the available information. In this case, the description of events has been unclear and I've had to seek clarity on some aspects of this.

I will lay out what I consider to be the key facts and the considerations I've taken into account when reaching my decision.

All sides agreed with the investigator's view. Given that CA seems to have attempted to settle the complaint in line with that, it may be counterproductive to revisit the entire complaint. I won't revisit in detail what's already been outlined and agreed to, but I have reached the same outcome as the investigator and for broadly the same reasons.

Mr S acquired the car through a Hire Purchase agreement with CA. Under this type of arrangement, CA became the supplier of the car and is responsible if the goods aren't of satisfactory quality when provided. The key legislation for me to consider in complaints of this nature is the Consumer Rights Act 2015 ('CRA'). This outlines, among other things, that goods should be of satisfactory quality at the time they're supplied.

Satisfactory quality is described as the standard that a reasonable person would expect taking into account, among other things, the description, age and price of the goods. The quality of the goods includes their state and condition - and where appropriate their fitness for purpose, appearance, freedom from minor defects, safety and durability should be taken into account.

As I've said above, Mr S acquired the vehicle in March 2023. The car was four years and eight months old and had covered 48,943 miles. However the car still cost £58,000.00, this is a substantial sum – and paying that much for goods you would expect a certain level of quality over and above what you would expect from, say, similar goods costing £5,800.00.

Mr S said he raised issues within a few months, but he could only arrange an inspection more than six months after the car was supplied. I haven't seen any documentary evidence to confirm that Mr S raised any of these issues within the first six months. However, the evidence indicates that at least some of the issues raised as part of this complaint were likely to have been present or developing at the point of supply.

I have no reason to disregard entirely the report Mr S had carried out. And I've considered this against the other inspections carried out. However, looking at the evidence there's consensus that at least some of the issues complained of were present at point of sale.

The brakes and suspension issues are likely impacted by wear and tear, and are things that require servicing over time. Although Mr S has not had a substantial amount of use, he has still used the car a reasonable amount over more than six months before the majority of these issues were found to be present.

Mr S said when the car was returned to him, there was a fault with the central locking. I haven't been provided with any evidence of this fault. And so I don't think it impacts what's being awarded in this case. He says when he wasn't able to use the car during earlier repairs he had to pay for the recovery of the car and taxis. However these amounts haven't been quantified or evidenced.

He indicated he later had some repairs carried out, however this only related to the suspension. The estimate for these works said the fault arose when the wheel was changed and the suspension compressor wiring had been caught. This doesn't seem like it's a fault stemming from an issue at the point of supply.

Mr S said he received a payment of £10,957 in August 2024. While it wasn't clear at the time precisely what this payment was made up of, it's clear this was paid to settle Mr S's complaint in line with the investigator's view. Mr S has subsequently used these funds to repair the car and so this seems to have settled the issues as they stood at that time.

I haven't seen evidence of any additional issues which would make me reach a different outcome now. The reports I've seen don't mention the issues Mr S has subsequently raised, so I think these are new issues, that have arisen since. And given Mr S has now had the original repairs complained of carried out, I think these new issues are a separate matter.

### **Putting things right**

Given that all sides accepted the redress outlined by the investigator, and I don't think that was unreasonable in the circumstances, I think this remains fair. It seems as though CA has already settled the complaint in line with what was agreed. If CA hasn't completed the settlement in full already, it should ensure it now does so. To reiterate, this was as follows.

Given how long after supply the issues arose, the repair of the issues highlighted in the investigator's original view is fair. CA should pay for fixing the non-wear and tear issues complained of. CA should refund 100% of Mr S's payments for the duration of these recent repairs. Mr S should also be refunded 70% of his payments while he had a courtesy car, between December 2023 and March 2024, as it wasn't a like-for-like vehicle.

Between June and December 2023, the car wasn't of satisfactory quality and 5% of his payments should be refunded to reflect this. This 5% refund should also apply from March 2024, up to the point these issues were being repaired, as the faults complained of persisted. His payments should also be refunded for the time he didn't have the car due to inspections being carried out in October 2023 and January 2024. And the £150 he spent on an inspection should be refunded. All these refunds should also include 8% simple interest from the date of any payment to the date of settlement.

If CA considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr S how much it's taken off. It should also give Mr S a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

This has all had an impact on Mr S and so CA should pay him a further £150 to reflect the distress and inconvenience caused. If CA does not pay this compensation for distress and inconvenience within 28 days of the date on which we tell it Mr S accepts my final decision then it must also pay 8% simple yearly interest on this from the date of my final decision to the date of payment.

If CA considers it has already completed this redress, it should provide confirmation to Mr S. CA should also provide a breakdown of this redress to Mr S.

For any issues that arose further to these matters, Mr S would need to pursue those separately. He has asked about terminating the agreement, however this is something he now needs to discuss with CA separately.

**My final decision**

My final decision is that I uphold Mr S's complaint against CA AUTO FINANCE UK LTD.

It should settle the complaint in line with what's explained above, if it hasn't done so already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 11 April 2025.

Scott Walker  
**Ombudsman**