

The complaint

Mr S has complained about a car he acquired through a Hire Purchase agreement with CA AUTO FINANCE UK LTD ('CA'). He says the car was not of satisfactory quality.

What happened

Mr S acquired the vehicle on 12 May 2023. When it was sold, it was just over two years and seven months old and had covered 30,151 miles. According to his finance agreement the car cost £55,490 and he also took out insurance cover costing £794.00. He paid a deposit of £13,000 and borrowed the balance of £43,284.00. The funds for the car were borrowed under a Personal Contract Purchase (Hire Purchase), while the insurance cover was paid via a Fixed Sum Loan as part of the same agreement.

Mr S has complained that load compartment loops were missing from the car, along with some other issues highlighted when the car was inspected. He was also concerned about the impact this all had on his credit record, as he hadn't been making payments since attempting to hand the car back.

CA didn't accept the validity of the inspection carried out and felt there wasn't anything wrong with the vehicle. It also said it was correctly reporting the payment record on the account.

An investigator considered the complaint and found that the load loops had been missing but this issue was relatively minor and had since been resolved, so this was a fair remedy in the circumstances. They also concluded CA had been reporting accurate information about Mr S's repayment record.

Mr S disagreed. He said that issues highlighted during the inspection hadn't been properly considered. And the repair that had taken place on the load hooks was not carried out in good time and so he was still within his rights to reject the goods.

The investigator issued a second set of findings. They considered that the inspection mostly highlighted issues that might be potential faults, but not confirmed faults. And they were issues that were to be reasonably expected given the age and use of the car.

They did consider that insecure door seals and the missing load loops to be a fault. They felt the door seals issue only came to light seven months after acquiring the car and so couldn't be linked to an issue that was present or developing at the point of supply. And they maintained the replacement of the load loops was fair given this was a relatively minor issue.

Mr S said he raised issues with the car within 30 days and if he'd known about the issues he wouldn't have purchased the car. The issues he's experienced indicate the car isn't fit for purpose.

He asked for the case to be reviewed by an ombudsman and so it has been passed to me to issue a final decision.

Mr S had another complaint with our service that related solely to an issue with the seat belt indicator light. That complaint has had a final decision from another ombudsman and I shan't comment on any of the issues covered by that 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.

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

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.

When the car was acquired it was over two years and seven months old and had covered 30,151 miles. The car was not brand-new and so it would not be unreasonable to expect the car to have some minor issues or show signs of wear and tear that may not have been present when it came from the factory. This is the case for cosmetic as well as mechanical components.

Saying that, it was still an expensive car that wasn't all that old – and I would not expect a car of this calibre to have any significant problems that would impact its comfort and drivability.

A vehicle health check carried out by the dealership on 11 May 2023 included a boot check, which didn't highlight any issues, however there wasn't a specific mention of what's now being complained of. Mr S messaged the dealership on 3 June 2023 to say the seat belt light was flashing when the seat was unoccupied and some screws were missing from the rear seat.

The other complaint with our service was being investigated at this time and there were no significant developments until an engineer's report was carried out on 9 January 2024. This highlighted that the missing loops meant loads couldn't be properly secured and this wasn't fit for purpose.

They also found oil residue on the timing chain cover, lower suspension and below the transmission. They said this could be from a leak or spillage. A fault code was present that seemed to relate to the dashboard. The weather seals weren't secure on the rear doors and wouldn't offer the intended weather protection.

A few more minor issues were noted, but these were found to be acceptable for the age and use of the vehicle. This was carried out eight months after purchase, but the car had only travelled 704 miles in that time.

As Mr S hadn't previously complained about these issues (the previous complaint being only about the issue with the seat belt indicator light), a complaint was raised with CA on 14 February 2024 and Mr S asked to reject the goods.

Mr S told our service that CA wasn't going to respond to this complaint until a final decision was issued on the earlier complaint referred to our service. CA provided very little information and so I've largely been reliant on what Mr S has provided. But CA did say it couldn't accept the inspection provided by Mr S because it wasn't carried out by a VAT-registered company.

Like the investigator, I see no reason to disregard the report on this basis. The engineer carrying out the report appears to be qualified and experienced – and there's no obvious reason to doubt the validity and accuracy of the report.

The report provided by Mr S was carried out seven months after he first acquired the car. However by this time the mileage was recorded as 30,855. As it had only covered just over 700 miles, it's unlikely that significant wear and tear, mechanical issues or cosmetic issues resulting from use would have occurred since Mr S acquired the car.

Given Mr S raised the issue within the first few weeks of acquiring the car, I think it's clear that the load hooks were missing at the point of supply. This is the type of minor defect that a car should generally be free from, after considering the age and price of the car along with other relevant factors.

However the evidence provided indicates Mr S was not particularly concerned about this issue. He described 'missing screws' in his early contact with the dealership, which on balance I think refers to the missing load hooks. We've been provided with a great deal of subsequent correspondence between Mr S and the dealership – and between Mr S and CA. But I can't see any other mention of this issue that leads me to conclude this was a significant issue for Mr S and it would not have prevented Mr S using the car as intended.

It didn't feature in Mr S's initial complaint to CA about the quality of goods, or when Mr S referred that complaint to our service. Given the correspondence we have, it seems on balance that Mr S's focus was on the seat belt issue – and it was this that the dealership focused on when the car was returned to it soon after it had been supplied.

The final decision on that complaint did not cover the issue with the load hooks precisely because it had not been mentioned as part of the complaint to CA up to that point. I can't reconsider what that final decision covered, but I will mention briefly that it found there was no evidence of the seat belt indicator fault. Two inspections of the car could not replicate the issue. The latest of these reports was obtained during the investigation of Mr S's first complaint and while it did not mention the seat belt issue, this report did mention the missing load hooks.

An issue with the seat belts would understandably be of great importance – however Mr S's complaint about this was not upheld. What I've seen when reviewing all the correspondence provided about the issues being considered as part of this complaint is that while the missing load hooks were mentioned very early on, it does not seem as though this was significant enough for Mr S to mention it in his initial complaint to CA.

Mr S said in other correspondence with our service that the missing screws were causing loud noise issues. And then that this was in fact damage to the rear seatbelt holder. This description of the issue does not seem consistent with how it was later described in the report Mr S provided. I think this casts doubt on the extent to which this issue could have impacted the use or enjoyment of the vehicle.

Essentially there isn't any doubt that the car was missing the load hooks, but the issue was sufficiently minor for it not to be mentioned by Mr S throughout his extensive complaint to CA. Mr S's initial description of the issue as missing screws and later describing it as causing noise issues, indicates that Mr S wasn't aware of the parts that were actually missing either. As I'm not persuaded that Mr S knew this, it's hard to conclude this made the car not fit for purpose for him.

There's an argument to say that the car should've been free from this type of minor defect given its age and price, however I agree with the investigator that it wouldn't be fair to reject the car on this basis – especially as the issue was resolved once it was brought to the fore as a result of the inspection carried out in January 2024.

Given the focus of the initial complaint was the seatbelt issue – which ultimately wasn't upheld – and given the load hook issue wasn't mentioned again by Mr S, I don't think it's fair to say that the eventual replacement of the hooks was unfairly delayed. As such I think the replacement of the hooks was fair bearing in mind the timeline of events and the remedies available under the CRA.

The report also outlined a number of other issues including finding oil residue, an ECU fault code, deteriorated weather seals and a mark on the bonnet. Other issues found were described as acceptable, and so I shan't comment on those. But I'll go through the remaining issues in turn.

The report said oil residue was found on the timing chain cover, offside lower suspension components and below the transmission. The report also stated however it wasn't clear whether this was from a leak or simply a spillage that hadn't been properly cleaned up. They said this needed further investigation.

This is inconclusive and is not persuasive evidence that there is a fault with the car that would've been present at point of supply – or that this actually constitutes a fault. There's also no indication that the car isn't operating as it should as a result of an issue consistent with an oil leak. On balance, this does not persuade me that the car is not of satisfactory quality.

The fault code that was found was said to be related to the instrument cluster, but there's no evidence to confirm that's the case. The inspection said the fault code couldn't be removed and that it *'may cause operational issues during future usage'*. But similar to the oil residue issue, the presence of the fault code does not automatically mean there is a fault. Fault codes indicate a potential fault and in this instance there's no indication of what the fault is and it's not clear that this will impact the use of the car. The fault code does seem to relate to the electrical componentry, but as there's not a specific diagnosis of the issue at hand I can't on balance say this constitutes a fault given the lack of persuasive evidence.

The car has had very little use since it was supplied. However, an unused car will still experience some wear over time because components can deteriorate, rust or perish. I think the window seals are an example of the type of material that can still perish over time even if a car isn't used that much.

So while the car wasn't driven that far, I can't fairly say that window seals were faulty at the point of supply, in part because this issue would have been reasonably evident on first inspection and there's no indication that Mr S noticed this issue at any point until a third party had pointed it out. Additionally the car was not brand new and so there will have been some level of wear and tear present at the point of supply and over time this will present issues that require routine maintenance. I consider this one of those issues.

The mark on the bonnet was either present at the point of supply or happened during Mr S's limited use of the car. This was only highlighted in a report eight months after it was supplied. The first possibility is that the mark was not prominent enough at the point of supply to be of any concern to Mr S – and therefore indicative of it being in line with the expected age and use of the vehicle up to that point. Unlike its mechanical components, the cosmetic condition of the car would have been evident upon reasonable inspection, and presumably this was acceptable to Mr S. If that's not the case, then this chip in the bonnet happened after he acquired the car and so wouldn't factor into any consideration of satisfactory quality at the point of supply. Either way I don't find that this is a fault or defect that makes the car not of satisfactory quality.

Mr S has complained about being pursued for the debt and the impact of how his repayment record is being reported to credit reference agencies. I appreciate that Mr S may be concerned about how this will impact his ability to obtain credit in future.

The first thing to confirm is that if CA reports information to credit reference agencies about Mr S's debt, then it is obliged to report accurate information about his repayment record.

When Mr S took out this agreement he was bound to make the monthly payments as they fell due. His agreement outlines that failure to do so might impact his ability to get credit in future and the explanation document provided at the outset explains that defaulting on payments could lead to it being reported to credit reference agencies.

So I think it was clear from the outset that not making payments to the agreement could impact Mr S's credit record.

However Mr S cancelled his direct debit the month after taking out the agreement. No further payments have been made. CA sent arrears letters from at least July 2023 and eventually a default notice was issued to Mr S in October 2023 outlining the consequence of non-payment.

Although Mr S had a dispute about the car and left it at the dealership – I can't see that he was entitled to reject the vehicle or stop making payments to his agreement. He was asked to collect the vehicle from the dealership and to continue making payments, but did not do so. The information reported on his credit file reflects this non-payment and so I have no grounds for saying it's unfair or inaccurate.

I appreciate that Mr S feels strongly about the issues he's had with the car and the way the matter has been handled. The replacement of the load hooks fairly resolved the issue Mr S mentioned soon after acquiring the car. Reviewing the relevant evidence does not persuade me that the remaining concerns indicate the car was otherwise not of satisfactory quality at the time it was supplied.

My final decision

My final decision is that I do not uphold Mr S's complaint against CA AUTO FINANCE UK LTD.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 28 November 2024.

Scott Walker
Ombudsman