

The complaint

Miss T complains that the car she acquired through CA AUTO FINANCE UK LTD (“CA AUTO”) wasn’t of satisfactory quality. She wants to cancel the agreement and reject the car.

What happened

Miss T entered into a hire purchase agreement in June 2024 to acquire a used car. The cash price of the car was £7,649, and the total repayable was £9,764.60, and was to be repaid through the credit agreement which was set up over a 60-month term with monthly payments of £118.41. At the time of acquisition, the car had already been driven just over 35,000 miles and was just around seven years old.

Miss T told us:

- She bought the car during the school half-term holidays, and collected it on 1 June 2024, but within a few days, the car engine had cut out several times;
- the engine cutting out occurred in a variety of circumstances – at traffic lights, while reversing – there was no common theme;
- she also noticed a noise from the engine; some wiring that had been secured with tape, and rust on the suspension;
- on 7 June and 8 June, she contacted the supplying dealership and eventually reached someone and arranged to take the car in for an examination on the afternoon of Monday 10 June;
- on 14 June she told the dealership she wanted to reject the car and end her contract because of the faults that had arisen; and on 17 June she re-confirmed this and said she did not want any repairs to be undertaken;
- on 5 August the car was collected from the dealership because she needed a vehicle, but her position had not changed – she still wanted to reject the car.

CA AUTO rejected Miss T’s complaint about the quality of the car it had supplied. It said the supplying dealership had said it had no record of Miss T wanting to reject the car. It said Miss T had authorised the inspection and any repairs, and in doing so, she had forfeited her right to reject.

CA AUTO said an independent inspection of the car showed repairs had been successful and there was no evidence of the remaining faults Miss T had complained about; the car was operating without defect and should be returned to her.

CA AUTO provided this Service with correspondence between it and the supplying dealership. It said, *“the customer consented to all necessary repairs and on arrival she will have been talked through the acceptance of repair as standard...and will have also [been] given the opportunity to read through the document themselves...”*.

Our Investigator looked at this complaint and said she didn’t think a complaint about the quality of the supplied car should be upheld. She explained the relevance of the Consumer Rights Act 2015 (“CRA”) in the circumstances of this complaint, and she said that she was

satisfied that Miss T had authorised the repairs that had been carried out. And because of this, rejection of the car was only an option if these repairs failed, or if further faults that were present or developing at the point of supply subsequently arose.

She said there was no dispute that there was a fault with the car but the clutch had been replaced and the independent engineer said this had been successful, and no further faults had been identified.

Our investigator acknowledged the distress and inconvenience that CA AUTO had caused Miss T by supplying her with a car that had an inherent fault, and she recommended it pay her £100 in recognition of this.

CA AUTO accepted our Investigator's recommendations.

Miss T disagrees so the complaint comes to me to decide. She says she doesn't accept our investigator's findings and does not accept the £100 compensation. She says that she rejected the car 12 hours after agreeing to its repair, and she still wants to reject the car and end the 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.

Having done so, I agree with our investigator – and I'll explain why.

I hope that Miss T won't take it as a discourtesy that I've condensed her complaint in the way that I have. Ours is an *informal* dispute resolution service, and I've concentrated on what I consider to be the crux of this complaint. Our rules allow me to do that. Miss T should note, however, that although I may not address each individual point that she's raised, I have given careful consideration to all of her submissions before arriving at my decision.

When looking at this complaint I need to have regard to the relevant laws and regulations, but I am not bound by them when I consider what is fair and reasonable.

As the hire purchase agreement entered into by Miss T is a regulated consumer credit agreement this Service is able to consider complaints relating to it. CA AUTO is also the supplier of the goods under this type of agreement, and it is responsible for a complaint about their quality.

Under the Consumer Rights Act 2015 ("CRA") there is an implied term that when goods are supplied "the quality of the goods is satisfactory". The relevant law says that the quality of the goods is satisfactory if they meet the standard that a reasonable person would consider satisfactory taking into account any description of the goods, price and all other relevant circumstances.

The relevant law also says that the quality of the goods includes their general state and condition, and other things like their fitness for purpose, appearance and finish, freedom from minor defects, safety, and durability can be aspects of the quality of the goods. So, what I need to consider in this case is whether the car *supplied* to Miss T was of satisfactory quality or not.

The CRA also says that, where a fault is identified within the first six months, it's assumed the fault was present when the car was supplied, unless CA AUTO can show otherwise. But, if the fault is identified after the first six months, then it's for Miss T to show the fault was

present when she first acquired the car. So, if I thought the car was faulty when Miss T took possession of it, and this made the car not of a satisfactory quality, it'd be fair and reasonable to ask CA AUTO to put this right.

I don't think there's any dispute that Miss T has experienced problems with the car. That has been well evidenced by both her testimony and the fact that CA AUTO does not contest this. Moreover, the supplying dealership says it carried out repairs, and these are also referenced in the independent inspector's report.

But, whilst I accept that there has clearly been an issue with the clutch, CA AUTO would only be responsible for putting things right if I'm satisfied that this issue was present or developing when the car was supplied – that is to say, the car wasn't of satisfactory quality when Miss T first acquired it.

Now, the issue with the clutch, and the other problems Miss T raised all occurred within just a few days of her acquiring the car, so I'm in no doubt that they were likely present or developing at the point of supply.

But I'm of the view that, based on what I've seen, the supplying dealership accepted liability at the outset – it covered the costs of the repairs – and that all parties accepted that 'repair' was the way forward – and the supplying dealership undertook those repairs.

I've also seen nothing to suggest to me that the remedial work hasn't been completely successfully. So, on the basis that the car has been successfully and fully repaired, I don't think it would be right to direct CA AUTO to accept rejection of it. I'm satisfied that CA AUTO, through the actions of the supplying dealership, has done what it needed to do in the circumstances.

Miss T says she didn't authorise these repairs, and she wanted to reject the car. But I disagree. I'm satisfied that Miss T authorised repairs on the car *before* she subsequently decided she'd like to reject it. I've seen a copy of a document she signed that read, *"I accept that I am bringing my vehicle into [dealership] for the repairs to be carried out. I have given consent to [dealership] to carry out any necessary repairs..."*. This authorisation pre-dates her request to reject the car. And in providing this authorisation, Miss T cannot then decide to reject the car unless the repairs fail, or new faults, that were present or developing at the point of supply, arise.

Because Miss T said there were further faults with the car, an independent engineer was instructed to carry out an inspection.

In their report, the engineer said the following, *"...you advised me that the matters said to be of concern to the recent purchaser of the car were as follows:*

- *Engine cutting out – Mainly happens when coming to a stop but has happened while driving.*
- *Clutch grinding.*

And from reading the report, it's clear that they were provided with an accurate background that clearly set out the issues.

But the simple existence of an issue in itself isn't enough to hold CA AUTO responsible for repairing the car or accepting its rejection. The legislation says that this will only be the case if the fault was present or developing at the point of supply; the car supplied was not of satisfactory quality. And the independent report went on to address this, and the independent engineer made the following points:

- *“The diagnosis showed no fault codes or historic issues and the Technicians were unable to experience or induce any cutting out of the engine, other than during the normal operation of the Stop / Start mechanism as should be expected.*
- *During the road tests there was some evidence of intermittent noise from the clutch mechanism, particularly when in reverse gear. The clutch assembly was replaced, and road tested with no further noises being determined to be present.*
- *I turned the ignition key and the engine started at the first attempt and immediately settled to a smooth idle speed (tickover).*
- *Throughout the road test, under all the various speeds, conditions...the car performed exemplary with no evidence of any defects or deficiencies being present. I found the car very impressive for its overall performance and lack of body or road noise.”*

The report concludes that *“There were no incidences of the engine cutting out other than when it should have done as the Stop / Start mechanism operated. The engine was smooth and quiet throughout the test and with the clutch assembly having been replaced no other issues were detected or, I believe, were present. Accordingly, I can state that, in my expert professional opinion, subject to adherence to the manufacturer’s recommended service and maintenance schedule this car should provide good and reliable service for the balance of its design life. Therefore the car should be returned to the owner for them to use the car for the purpose for which it was intended”.*

So, on the basis that:

- the independent engineer was of the opinion that the repairs to the clutch had been completed satisfactorily; and
- the engineer could identify no new faults with the car; and
- the engineer makes no cautionary statements about the conclusions reached, or that a different conclusion may have been reached with additional information;

I can’t uphold a complaint about the satisfactory quality of the car. Now, it may well be the case that Miss T does not have full confidence in the repairs, or she fears that other faults may manifest themselves in the future. In this situation, as she’s had the car for more than six months, it would be for Miss T to instruct a recognised independent engineer to inspect it.

In the event an independent engineer identified further faults that were likely *present or developing at the point of supply*, then Miss T could bring a new complaint directly to CA AUTO.

I know Miss T will be disappointed with what I’ve said, but I hope she understands why I’ve reached the conclusions that I have.

Putting things right

CA AUTO did cause Miss T distress and anxiety with the initial problems she experienced when it supplied her with a faulty car. And I can see it’s acknowledged this and agreed with the recommendation to pay Miss T £100 compensation in recognition of this. So I’m now going to ask it to make that payment.

My final decision

My final decision is that I uphold this complaint and direct CA AUTO FINANCE UK LTD to pay compensation as I’ve set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 28 May 2025.

Andrew Macnamara
Ombudsman