

The complaint

Mr V complains about the quality of the car he acquired through a hire purchase agreement with CA Auto Finance UK Ltd ("CA Auto").

What happened

Mr V acquired a car in December 2022 through CA Auto. It was around two years old and had covered less than 7,000 miles when supplied. The day after it was supplied an engine management warning light came on. The supplying dealership asked Mr V to go through his warranty for anything to be fixed, but the recovery firm who attended couldn't find any issue.

A few days later the engine management light came on again, and the car went into limp mode. The car was recovered to a nearby main dealer which was the closest garage to Mr V that would support warranty repairs. Mr V also informed CA Auto that he was having problems a few days later, and it took several weeks for the car to be fixed.

An invoice for around £7,000 was raised in February 2023 confirming that amongst other work, both turbos had been replaced. Mr V got the car back in late February 2023. Around a month later Mr V noticed an oil leak, but the car couldn't be seen by the garage to be repaired until May 2023. When the car went in for repairs, Mr V raised a complaint with CA Auto on 22 May 2023. He complained that there had been multiple problems with the car, and they all seemed to be taking a long time to be repaired.

He called CA Auto in June 2023 to update them that the car still wasn't repaired, and further issues had been discovered that needed repairing. He's told us that he confirmed to CA Auto at this point that he wanted to reject the car. I can see on 2 July 2023 when calling them again that they have noted down that he told them he wanted to reject the car, and the selling dealership were apparently in discussions with their management about this.

CA Auto issued their final response letter (FRL) on 17 July 2023. They explained that the repairs needed were still held up awaiting parts, but as Mr V had authorised repairs, he did not have the right to ask to reject the car. They said they would review any compensation due once the car was repaired.

Mr V confirmed again that he wanted to reject the car later that month and didn't want to continue with repairs, but nothing different was done. In early August 2023 the garage confirmed the repairs were completed and the car could be collected, and later in August 2023 the car was returned to Mr V. He's confirmed that since this time, the car has mainly remained in storage, and he hasn't driven it much. After initially engaging legal advice, his complaint was referred to our service in January 2024.

Initially the complaint wasn't upheld by an investigator as the evidence of Mr V asking to reject the car prior to the second repairs wasn't recognised and the complaint itself was partly misunderstood. However, by later in 2024, a new investigator reviewed all the evidence and upheld the complaint. They said it was clear that the car had needed significant repairs twice in the first few months after it was supplied, which meant it hadn't been of satisfactory quality.

They were also persuaded that Mr V had asked to reject the car after the first set of repairs and before the second set, which he should have been entitled to do based on the rights he had under the Consumer Rights Act 2015 (CRA). The investigator said he should be able to reject the car and made a finding as such.

CA Auto didn't accept this view and asked for an Ombudsman to make a final decision. They said that as Mr V had accepted repairs and the car was no longer faulty, this was a fair resolution, and he shouldn't be able to reject it now.

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've reached the same overall conclusions as the investigator, and for broadly the same reasons. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome.

In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and (if appropriate) what I consider was good industry practice at the time. Mr V was supplied with a car under a hire purchase agreement. This is a regulated consumer credit agreement which means we're able to investigate complaints about it.

The Consumer Rights Act 2015 ('CRA') says, amongst other things, that the car should've been of a satisfactory quality when supplied. And if it wasn't, as the supplier of goods, CA Auto are responsible. What's satisfactory is determined by things such as what a reasonable person would consider satisfactory given the price, description, and other relevant circumstances. In a case like this, this would include things like the age and mileage at the time of sale, and the vehicle's history and its durability. Durability means that the components of the car must last a reasonable amount of time.

The CRA also implies that goods must conform to contract within the first six months. So, 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, where a fault is identified after the first six months, the CRA implies that it's for Mr V to show it was present when the car was supplied.

So, if I thought the car was faulty when Mr V took possession of it, or that the car wasn't sufficiently durable, and this made the car not of a satisfactory quality, it'd be fair and reasonable to ask CA Auto to put this right.

Alongside this, the CRA says that a supplier has one opportunity to repair the goods, and after this, if an item isn't of satisfactory quality, the consumer has the right to reject it.

This was a premium, expensive car, and was still pretty new when supplied. In these circumstances, I think a reasonable person would expect it to be in good condition, without any significant wear and tear issues or durability issues due to its relative young age and low mileage.

Based on the evidence provided, it's clear that the car was not of satisfactory quality when supplied. The first problems occurred almost immediately after the car was supplied and included significant issues like replacing both turbos in the vehicle. For a car which was two years old and had covered less than 7,000 miles when supplied, a reasonable person would not expect these kinds of issues to occur.

The car was repaired at this time, which is a fair remedy under the CRA. However, the car then suffered further problems very soon after this in March 2023, so within the first six months again. These were not addressed at all until May 2023, and at that point, parts were needed which weren't available so were on back order.

These repairs weren't completed until August 2023, and invoiced by the warranty garage for around £2,000 in October 2023. The invoice for these repairs describes an oil leak and having to remove and strip down the engine to fix and clean it. Again, on a car still only two to three years old which had covered less than 8,000 miles at this point, these are not repairs a reasonable person would expect to be required. It was still a fairly new vehicle and therefore I am again persuaded that these issues meant that the car was not of satisfactory quality when it was supplied.

CA Auto have tried to argue that any repairs carried out were unauthorised, because they were done by the main dealer supporting the warranty, not the supplying dealership. However, this was because the supplying dealership had sent Mr V to his warranty provider, choosing not to try to assess the car themselves. Mr V had also informed CA Auto at all relevant times about the problems he was having and what was going on regarding repairs, and they said nothing about the car having to be assessed by the supplying dealership. And the car was being repaired by the local main dealer for this make of car, so it seems an entirely suitable place for it to be repaired. I don't give this argument any weight.

CA Auto said that as Mr V had authorised the second set of repairs to the car, he wasn't entitled to reject it. Had this been true, and the repairs had already been carried out, I would agree with this argument. But I've seen no proof of Mr V authorising the repairs in the first place. He appears to have identified an oil leak himself and wanted it to be investigated. More importantly, Mr V has clearly informed CA Auto on more than one occasion in June and July 2023 that he wanted to reject the car, and they've ignored this request at times and wrongly told him that he doesn't have the right to do this because he had authorised repairs, despite the fact the repairs weren't carried out until August 2023.

No repairs had been carried out when Mr V asked to reject the car. It's clear when those repairs were finally carried out that this problem with an oil leak made the car of unsatisfactory quality for the second time, and as Mr V had already accepted the first significant set of repairs in February 2023, CA Auto had no further right to repair once Mr V said that he wanted to reject the car under the remedies in the CRA.

I'm satisfied that Mr V was clear, well before any repairs were carried out, that he wanted to reject the car, not have it repaired. This means that the fact CA Auto ignored this request and went ahead and repaired the car makes no difference. Mr V clearly and fairly asked to reject the car, CA Auto wrongly said he couldn't, so he is entitled to reject it now.

I've gone on to think about what needs to be done now to put things right. I'm satisfied that the recommendations provided by the Investigator are fair in this case. Mr V is entitled to give the car back, end the agreement and receive a refund of his deposit for the car. I also agree that £400 is a fair amount for the distress and inconvenience of being supplied with a car of unsatisfactory quality, and the problems Mr V has had to get this resolved.

The investigator was also correct to say that we can't refund the tax and insurance costs for this car. Mr V has had the benefit of the insurance were anything to have happened to the car and has had the opportunity to register the car off road (SORN) where applicable. These costs aren't related to the faults, so I won't be recommending they are refunded. Alongside this, Mr V asked for our service to consider refunding legal costs he incurred when first trying to reject the car. As our service is a free and informal alternative to the courts, and doesn't require any legal representation, it would not be fair to expect CA Auto to cover any of these

legal costs.

Finally, I've thought about the payments Mr V has had to make for the car throughout these problems. It is fair for him to pay something for the limited usage of the car that he's had, but not fair for him to have to pay whilst the car has been off the road being repaired, or for the period since CA Auto wrongly refused to allow him to reject the car when he hasn't used the car.

The courtesy car provided by the warranty garage isn't relevant here. Mr V didn't need a car to keep himself mobile, he had access to other cars for this, and this courtesy car was supplied via his warranty garage, not CA Auto. It's also clear that the purpose of the faulty car for Mr V was a prestige car for "pleasure driving", and so he's had limited opportunities to use it for this, and the courtesy car was not a like for like replacement.

I agree with the investigator who said that Mr V should be refunded five monthly payments for the periods of January and February 2023 when the car was off the road for repairs, as well as the payments for June, July and August 2023 when the car was again off the road needing repairs.

Since late August 2023 when the car was returned to him, Mr V has confirmed he has hardly used it. He confirmed the mileage in Autumn 2024 was 9241 miles, meaning he'd added around a third of a year's worth of mileage (his agreement allowed 5,000 miles per annum) since the car was returned to him in late August 2023. I agree with the investigator that it would therefore be fair for him to pay the four monthly payments (September, October, November and December 2023) in lieu of fair usage, and then be fully refunded all payments from January 2024 until the agreement is settled. I think this is a fair solution to recognise he's had some use, but it's been limited as he's fairly tried to not use the car, whilst asking fairly to reject it.

Putting things right

I instruct CA Auto Finance UK Ltd to carry out the following to put things right:

- Collect the car from Mr V and end the agreement with nothing further for Mr V to pay. (NB, the car may not be drivable after this long, it must be collected as it is, at no cost to Mr V)
- Refund Mr V the deposit he paid for the car of £10,000.
- Refund Mr V his five monthly payments from January/February/June/July and August 2023.
- Refund Mr V all monthly payments made since 1 January 2024 until date of settlement.
- Pay 8% simple interest on all refunded amounts above from the date they were paid until the date of settlement.
- Pay a further amount of £400 to recognise the distress and inconvenience caused.
- Remove any adverse information from Mr V's credit file in relation to this agreement.

My final decision

I am upholding this complaint and instruct CA Auto Finance UK Ltd to carry out the above to put things right.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 4 April 2025.

Paul Cronin
Ombudsman