

## The complaint

Mr R is unhappy that a car supplied to him under a hire purchase agreement with CA Auto Finance Ltd ('CAF') was of an unsatisfactory quality.

## What happened

In June 2023, Mr R was supplied with a used car through a hire purchase agreement with CAF. The agreement was for £16,248 over 60 months; with 59 monthly payments of £377.69 and a final payment of £387.69. At the time of supply, the car was approaching six years old and had done more than 103,000 miles.

Mr R says that he started to notice rust forming on the nearside front wheel arch in April 2024, and he'd been quoted around £4,000 to repair the car. He was advised that this wasn't covered by the manufacturer's warranty as the car had previously been involved in an accident. So, he complained to CAF.

CAF arranged for the car to be inspected by an independent engineer. This inspection took place on 19 June 2024. The inspection confirmed that *"the vehicle has undergone repair work to the left-hand side, the repairs included extensive repairs to the structural left-hand side/quarter panel, the repairs to this panel have not been completed to an acceptable standard with excessive filler application, working marks irregular profile finishing and poor paintwork which is now corroding."*

The engineer went on to confirm that *"the type of repair will definitely deteriorate with corrosion spreading into the poorly finished filled areas"* and *"the poorly repaired panel is also identified as a structural panel, the poor repairs will affect the vehicle structural integrity which may not perform as designed if involved in a further impact."* Finally, the engineer concluded that *"the vehicle would not have been fit for purpose at the point of sale due to the poor repair work previously carried out."*

Based on this report, CAF didn't uphold Mr R's complaint. They said *"the reported issues with the vehicle are cosmetic and do not affect the drivability of the vehicle."* They also said that the car has passed an MOT in April 2024, and that Mr R signed handover documents to confirm he was happy with the condition of the car when it was supplied to him.

Mr R wasn't happy with this response, and he brought his complaint to the Financial Ombudsman Service for investigation.

Our investigator said it was clear the car had been in an accident, and poorly repaired, before it was supplied to Mr R. The independent engineer said the damage was structural, not cosmetic as CAF had said, and this made the car not of a satisfactory quality when it was supplied.

The investigator also didn't think that Mr R signing the handover documents meant it was reasonable for him to have inspected the car for poorly repaired structural damage before taking possession, and signing the handover documents didn't absolve CAF of their responsibilities. The investigator also said that the poor repairs to the car weren't something

that would be checked during a standard MOT, so the car passing an MOT didn't prove the car was of a satisfactory quality when it was supplied.

So, the investigator said that CAF should arrange to repair the car and pay Mr R £250 for the distress and inconvenience he'd been caused.

Mr R agreed with the investigator's opinion, but CAF didn't respond. Under our process, we treat this non-response as CAF not agreeing with the investigator, and the matter has been passed to me to decide.

### **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. Where evidence has been incomplete or contradictory, I've reached my view on the balance of probabilities – what I think is most likely to have happened given the available evidence and wider circumstances.

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 R 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, CAF 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 CAF can show otherwise. So, if I thought the car was faulty when Mr R 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 CAF to put this right.

I've seen a copy of the independent engineer's report, dated 19 June 2024. The key findings of this report are detailed above, so I won't repeat them. However, I have noted that the engineer also confirmed their duty is to the courts, not to the person who instructed or paid for the report. As such, I'm satisfied this report is reasonable to rely upon.

This report clearly states there is an issue with the car – a poorly repaired structural repair – that was present when the car was supplied to Mr R. And this made the car of an unsatisfactory quality at the point of supply. As such, and in line with the CRA, CAF must do something to put things right.

### **Putting things right**

Section 24(5) of the CRA says *“a consumer who has ... the right to reject may only exercise [this] and may only do so in one of these situations – (a) after one repair or replacement, the*

*goods do not confirm to contract.*” This is known as the single chance of repair. As things stand, neither the supplying dealership nor CAF have attempted any repair to the car. So, they still have the right to this single chance of repair. And this repair is something I will be directing CAF to carry out.

Despite the issues with the car, Mr R has been able to use it while it's been in his possession. Because of this, I think it's only fair that he pays for this usage. So, I won't be asking CAF to refund any of the payments he's made.

However, I think Mr R should be compensated for the distress and inconvenience he's been caused. But crucially, this compensation must be fair and reasonable to both parties, falling in line with our service's approach to awards of this nature, which is set out clearly on our website and so, is publicly available.

I note our investigator also recommended CAF pay Mr R an additional £250 to recognise the distress and inconvenience he's been caused. And having considered this recommendation, I think it's a fair one that falls in line with our service's approach and what I would've directed, had it not already been put forward.

I think this is significant enough to recognise the worry and upset Mr R would've felt by having to drive a car with compromised structural integrity in the knowledge that it may not perform as designed if it were to be involved in an accident. So, this is a payment I'm directing CAF to make

Therefore, CAF should:

- arrange to repair the car at no cost to Mr R, ensuring that he's kept mobile during the period of repairs i.e. by the provision of a courtesy car; and
- pay Mr R an additional £250 to compensate him for the trouble and inconvenience caused by being supplied with a car that wasn't of a satisfactory quality (CAF must pay this compensation within 28 days of the date on which we tell them Mr R accepts my final decision. If they pay later than this date, CAF must also pay 8% simple yearly interest on the compensation from the deadline date for settlement to the date of payment<sup>†</sup>).

<sup>†</sup>If HM Revenue & Customs requires CAF to take off tax from this interest, CAF must give Mr R a certificate showing how much tax they've taken off if he asks for one.

### **My final decision**

For the reasons explained, I uphold Mr R's complaint about CA Auto Finance Ltd. And they are to follow my directions above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 12 June 2025.

Andrew Burford  
**Ombudsman**