

The complaint

Miss B complained about the quality of a car provided on finance by CA Auto Finance UK Ltd ("CAAF").

What happened

Both parties are familiar with the events that surround this complaint. So, I've briefly summarised them here.

CAAF supplied Miss B with a used car on a hire purchase agreement in June 2023. The cash price of the car was around £14,500 and it had covered around 19,000 miles since first registration in October 2018. The hire purchase agreement required payments of around £280 for 47 months followed by a final payment of around £4,600. Miss B paid a deposit of around £1,000.

Miss B said that the car had an intermittent fault where the engine would not turn on. She said that multiple fault warning lights were illuminated relating to tyres, handbrake, engine fault, gearbox fault, hill start fault. She said she had to wait nearly an hour to be able to turn the car on, but the engine management light would remain illuminated.

Miss B said she reported the issues to the selling dealer within the first three months, but it didn't take any action. In December 2023, the car broke down and was recovered to her home. She said she waited a month for an appointment with the manufacturer approved garage to get it repaired. Since the repair, the issues had recurred at least nine times.

Miss B said she had to pay £180 for recovery and for components to be fitted to aid the repair at a cost of over £900. She said she was also asked to pay for a full service at a cost of around £400 and petrol to travel to drop off the car. At the time of the service the car's mileage was around 23,400.

She said that the car seemed to be unfixable so she wanted to get a replacement so she could continue the contract, or to be allowed to reject the car.

CAAF said that as Miss B hadn't reported the issues until July 2024 it arranged an independent inspection which it said concluded that no current fault could be found, although it did report historic fault codes and intermittent faults which it said would require further investigation. It said the report indicated that it couldn't determine a fault was present or developing at the point of supply. Although CAAF declined liability it offered £100 as a gesture of goodwill.

An investigator here considered the complaint and issued an opinion in November 2024. She said the car wasn't of satisfactory quality and recommended that Miss B should be allowed to reject the car, with a refund of her deposit and repair costs. She also set out that three payments should be refunded due to impaired or loss of use of the car and a further £150 compensation, bringing the compensation to a total of £250.

Miss B broadly agreed with our investigator. But CAAF disagreed. It said in summary:

- It agreed there were faults, but these occurred more than six months after the car was supplied
- The CRA said that Miss B needed to provide evidence the faults were present at supply
- It reasonably arranged and paid for an expert report, but couldn't accept liability for faults being present from the point of supply
- CAAF suggested a further diagnosis and repair

While the complaint was waiting for an ombudsman Miss B agreed to allow CAAF a further opportunity to inspect and repair the car. She's confirmed she hasn't been contacted to arrange a repair and she's still experiencing the same issues with the car. She's also said she's completed around 27,900 miles in the car but is still experiencing the intermittent fault which causes serious ongoing disruption.

CAAF asked for the complaint to be decided by an ombudsman, so the complaint has been passed to me.

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've read and considered the evidence submitted by both parties, but I'll focus my comments on what I think is relevant. If I don't comment on a specific point, it isn't because I haven't considered it, but because I don't think I need to comment in order to reach what I think is the right outcome. This is not intended as a discourtesy but reflects the informal nature of this service in resolving disputes.

Firstly, I am very sorry to hear about the difficulties Miss B has described to this service.

I want to set out that I'm primarily required to consider what happened up to when CAAF sent its final response letter as the events preceding this relate to what it has had the chance to consider. Things moved on from then, so I've tried to be as pragmatic as possible when dealing with this complaint when thinking about what parts I can decide. But I need to be able to draw a line under the complaint with my decision because it will mark the end of our process. If there are further complaints about events that occurred after the final response letter that are not clearly included within this decision, they would have to be taken up separately.

The agreement in this case is a regulated consumer credit agreement. As such, this service is able to consider complaints relating to it. CAAF is also the supplier of the goods under this type of agreement, and responsible for a complaint about their quality.

The Consumer Rights Act 2015 (CRA) is of particular relevance to this complaint. It says that under a contract to supply goods, there is an implied term that "the quality of the goods is satisfactory".

The CRA says the quality of goods are satisfactory if they meet the standard that a reasonable person would consider satisfactory taking into account any description of the goods, the price and all the other relevant circumstances. In a case involving a car, the other relevant circumstances might include things like the age and mileage at the time of supply and the car's history.

The CRA says 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.

CAAF aren't required to supply a working car for the whole of the agreement. Unfortunately, due to the nature of mechanical engineering sometimes things go wrong that can't be anticipated, and it is the consumer's responsibility to pay for maintenance. But the goods do need to be of satisfactory quality at the point of supply.

The mileage of 19,000 at supply was relatively low for a car that was nearly five years old. But the cash price was around £14,500 and I think Miss B had reasonable expectation that she'd be able to have reasonably trouble-free motoring for quite some time which has clearly not been the case here. I accept that a second-hand car will not be of the same standard as a new one, but there is a reasonable expectation of durability, considering the age, price and mileage.

Considering the length of time the car had been with Miss B, the description of the faults, and the requirements of the CRA, I think CAAF were fair to arrange a report. The report indicated that there were faults with the car but was unable to determine the exact cause without further investigation.

During the inspection, the inspector recorded multiple fault codes including faults with the BSI unit, ECU, gearbox ECU, Airbag ECU, PAS ECU. Both parties have access to the report so I haven't listed each one individually. The inspector said they took the car for a drive for approximately an hour. They didn't experience any failure or warning lights. This isn't surprising considering how Miss B reported the fault as being intermittent.

The inspector concluded in their opinion the car had intermittent faults which require further investigation and repair but as the intermittent fault hadn't presented in the road test it was impossible to determine the cause. The inspector reported it was their opinion the current issue wouldn't have been present at the time of sale, as the customer didn't notice it until five months after purchase.

Although CAAF seem to accept there is sufficient evidence of faults, it has referred to the requirements of the CRA because Miss B reported the faults after six months. I think CAAF are saying that the burden was on Miss B to prove the faults were present or developing at the point of supply, and because the report doesn't say that, it doesn't think it is liable. Like our investigator, I don't agree with its strict interpretation of the CRA. The legislation doesn't specifically say that the burden is on Miss B, it says:

"goods which do not conform to the contract at any time within the period of six months beginning with the day on which the goods were delivered to the consumer must be taken not to have conformed to it on that day".

I'm satisfied that the inspector did confirm that there were intermittent faults. He said *"The fault code read test shows multiple codes within the ECU and Bsi units, both stored and intermittent, based on these codes it is clear that the vehicle will have intermittent faults which require further investigation and repair."*

The fault codes present, could indicate a possible BSI control unit fault, without the current fault presenting itself it is impossible to say exactly what the cause is".

I understand the BSI control unit is a crucial control unit which manages various electronic systems. Considering the nature of the faults it seems unlikely this is a matter of wear and tear or poor maintenance. It suggests something more fundamental was wrong with the car.

I appreciate that the inspector wasn't able to conclude that the fault was present at the point of supply. But he's indicated that's because the intermittent fault didn't present while he was inspecting, and because "the customer did not notice it until 5 months after purchase". Miss B has told us that she reported issues within the first six months and had made attempts to get assistance from the selling dealer, who told her they could not assist, which meant she took the car to a manufacturer approved garage. Neither party has suggested that these faults were down to wear and tear or driver misuse.

I have to reach a decision on the available evidence and sometimes the issues aren't clear cut. Given the nature of the faults, and how soon they developed, I consider it more likely than not that the root cause of these issues was developing at the point of supply. So, in this case I think that on the balance of probabilities the problem was inherent in the car. So, I'm satisfied that the car was not of satisfactory quality at the point of supply because it wasn't sufficiently durable, and CAAF need to do something to put things right.

Miss B asked a manufacturer approved garage to carry out repairs, so I've thought about whether things might have played out differently had she been aware she should contact CAAF first. By taking the car to an approved garage (with manufacturer trained technicians) I think it more likely than not that Miss B has ended up in the same position, and I don't think CAAF was prejudiced by this.

While the case was waiting for an ombudsman, she agreed that CAAF could contact her to arrange a further inspection and repair. But that hasn't come about, she says she hasn't been contacted, and the car remains with her. So, I don't think anything has changed since our investigator gave her opinion.

The CRA sets out that (outside the first 30 days) if the car isn't of satisfactory quality, there's been a repair attempt, and the car still doesn't conform to the contract, Miss B should be able to reject it.

I've noted that the dealer offered to pay Miss B £350 towards repairs, after she paid for the repairs in February 2024. But she's still out of pocket by £561.56, so I agree with our investigator's assessment that she should get this back. Miss B also said she paid £180 for recovery. I think it's fair she gets that back if she can provide suitable evidence of having made the payment.

The CRA says a deduction can be made from the refund to take account of the use the consumer has had of the goods, in the period since they were delivered. It doesn't set out how to calculate fair usage and there's no exact formula for me to use. There's not an industry standard mileage figure. But as a starting point, in the particular circumstances of this case, I think the monthly repayment towards the hire purchase agreement is a reasonable figure to use for a months' worth of use of the car.

But I think that Miss B has endured a significant period of impaired use, loss of use and loss of enjoyment. It's hard to put a figure on that, but I note that our investigator awarded a refund of three months' payments. Miss B has been able to cover around 8,900 miles since the car was supplied, but I've balanced that with a comparison to her mileage allowance, the nature of the disruption caused by an intermittent fault, and the number of times the car has been in for repairs/attempted repairs. Taking all of this into account and on balance, I think that seems broadly fair as a refund for impaired/loss of use as it equates to around 12% of her payments overall.

Deciding compensation is not an exact science here. And issues and problems in everyday life are expected when a complaint needs to be raised. However, here Miss B suffered more than the usual problems you might expect in everyday life, and it went on sometime. I have

thought about our website guidance on such awards. I do think from what Miss B has said that the issues with the car and their claims for reimbursement have caused considerable inconvenience, upset and worry. Therefore, I think the suggested compensation of £250 in total (including the £100 CAAF already offered) is fair and reasonable here.

My final decision

My final decision is that I uphold this complaint and direct CA Auto Finance UK Ltd to do the following:

- Collect the car at no cost to Miss B
- End the agreement with nothing further to pay
- Refund Miss B's deposit of £1,000
- Refund three payments of £280
- Reimburse the repair costs of £561.56 subject to suitable evidence of payment
- Refund the £180 paid to recover the car subject to suitable evidence of payment
- Pay 8% simple annual interest* from date of each payment above until the date of settlement
- Pay £250 compensation in total, for supplying a car that was not of satisfactory quality, to the extent that it hasn't done so already
- Remove any adverse information reported to the credit reference agencies if applicable

* If CA Auto Finance UK Ltd considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Miss B how much tax it's taken off. It should also give Miss B a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 28 July 2025.

Caroline Kirby
Ombudsman