

## The complaint

Mrs A complains that a car supplied to her under a personal contract purchase (PCP) agreement with CA AUTO FINANCE UK LTD was of an unsatisfactory quality.

## What happened

In April 2024, Mrs A was supplied with a used car through a PCP agreement with CA. The cash price of the car was £32,896. She made an advance payment of £13,000, and the agreement was for £19,896 over 37 months; with 36 monthly payments of £224.95 and a final payment of £17,342. At the time of supply, the car was around one year old and had driven 3,673 miles.

A few weeks after the car was supplied, Mrs A contacted the dealership to report that she'd experienced several problems. In summary:

- The handbrake wasn't releasing correctly.
- Several warning lights were illuminated.
- The car was 'sluggish' and not accelerating as it should.
- The car lost power at a junction.
- The infotainment system wasn't working.

The dealership provided Mrs A with a hire car and arranged an inspection. After testing the car overnight, they weren't able to replicate any of the issues Mrs A had reported. The dealership carried out a software update and returned the car to Mrs A.

Mrs A reported further problems in May and June 2024. She said sound wasn't playing correctly through the speakers, and several warning lights were still illuminated. She was also still having issues with the car losing power. The dealership carried out further tests. It said that if Mrs A wanted a hire car during this period, it would charge £25 for every 48 hours – which Mrs A declined. The dealership was able to resolve the speaker issue through a software update, but was unable to replicate the other issues. However, the dealership noted that the car had several stored fault codes. The car was returned to Mrs A the following day. It said that if there were any further problems, it would need to charge Mrs A to collect the car due to the distance from her home to the dealership.

In July 2024, Mrs A contacted CA and made a complaint. She said she'd continued to experience problems, and felt the car wasn't safe to drive. She said she was still experiencing some of the previously reported issues, as well as some new ones:

- Some of the car's safety features weren't functioning as they should.
- The emergency brakes had started kicking in at unexpected moments.
- The main beams were failing to come on while driving.

She said the car suddenly braking had caused her severe back pain and had nearly caused an accident. Mrs A asked to reject the car under the provisions of the Consumer Rights Act 2015 (CRA), as it wasn't of satisfactory quality. CA considered the complaint, and arranged an engineer inspection of the car to determine whether there were any faults. The inspection

was carried out in October 2024. The engineer noted several stored fault codes, and said several warning lights were illuminated when they shouldn't be. They weren't able to replicate the other faults reported by Mrs A, and concluded that the faults wouldn't have been developing at the point of supply. CA said that because there was no evidence of faults present at the point of supply, Mrs A couldn't reject the car.

The complaint was referred to the Financial Ombudsman Service (Financial Ombudsman). One of our Investigators considered the complaint, and said they were satisfied the car most likely had faults present at the point of supply making it of unsatisfactory quality. They said the faults identified by the engineer were consistent with the issues Mrs A had reported shortly after the car was supplied. They said Mrs A was entitled to reject the car under the CRA, and recommended that CA refund the deposit and some of the payments she'd made. They also recommended it pay Mrs A £300 to recognise the distress and inconvenience caused.

Mrs A accepted the Investigator's recommendations, but CA didn't. It said the faults Mrs A had reported were intermittent and couldn't be replicated by either the engineer or the dealership. It also noted that Mrs A had been able to drive the car more than 6,000 miles since it was supplied, and that the engineer didn't find that the car had faults when it was supplied. It suggested that the braking issue Mrs A had described was a standard safety feature of the car. CA asked for the complaint to be referred to an Ombudsman for a final decision, so it's 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.

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 more likely than not 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. Mrs A was supplied with a car under a PCP agreement. This is a regulated consumer credit agreement which means I can consider a complaint about it.

The CRA covers agreements such as the one Mrs A entered into. Under this agreement, there is an implied term that the goods supplied will be of satisfactory quality. The CRA says that goods will be considered of satisfactory quality where they meet the standard that a reasonable person would consider satisfactory – taking into account the description of the goods, the price paid, and other relevant circumstances. I think in this case those relevant circumstances include, but are not limited to, the age and mileage of the car and the cash price. The CRA says the quality of the goods includes their general state and condition, as well as other things like their fitness for purpose, appearance and finish, freedom from minor defects, safety, and durability.

So, if I thought the car was faulty when Mrs A 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 to put this right.

In Mrs A's case the car was used, with a cash price of more than £30,000. It had covered less than 4,000 miles and was around one year old when it was supplied to her. So, I

wouldn't expect the car to have been in the same condition as a brand-new one. But given the age, mileage and price of the car I think a reasonable person would expect it not to have any significant defects for at least a short time after it was supplied.

Under the CRA, any fault that occurs within the first six months of the agreement are assumed to have been present or developing at the point of supply – unless there's evidence to suggest otherwise. In this case, Mrs A says she reported all of the problems she'd experienced within the first six months of the agreement. So, if I'm satisfied there were faults with the car when Mrs A reported them, I'd assume they were present or developing at the point of supply unless CA could demonstrate otherwise.

Some of the issues Mrs A reported – such as the problems with the speakers – were resolved by updating the car's software, so I won't comment on those in detail. Some of the other issues – such as the car braking unexpectedly and failing to accelerate as it should – are intermittent and haven't been replicated upon inspection. This has understandably made these issues difficult to identify or diagnose – so I've considered the evidence that is available, including Mrs A's testimony.

The problem with the illuminated warning lights was present during the engineer inspection carried out in October 2024. The engineer also noted several stored fault codes relating to various systems, including the powertrain control module (PCM), body control module (BCM) and anti-lock braking system (ABS). They didn't comment further on these but acknowledged that the same faults were identified by the dealership during a previous inspection.

I acknowledge that the engineer didn't conclude – given the car's age and mileage – that the faults they identified were present at the point of supply. But it hasn't provided any additional comments to support this conclusion, and Mrs A has been consistent about the problems she's experienced with the car since it was supplied to her. It's not disputed that there was a problem causing warning lights to be illuminated incorrectly. This is one of the concerns Mrs A reported a few weeks after the car was supplied – and she says the car still has this problem. She's provided photos that show that the car cycles through several different warning messages. So, while I've taken the engineer's conclusions into account, I'm overall more persuaded that the problem causing the warning lights to be illuminated was present at the point of supply.

The engineer didn't comment in detail on the fault codes – other than to note that they related to several of the car's systems. Most of the faults were 'U codes', which indicate a communication problem between the car's engine control module (ECM) and other systems. This could suggest an electrical or wiring problem, or a software issue. I note that stored PCM and BCM fault codes were found when the dealership inspected the car in July 2024. Mrs A also arranged a service with another garage in April 2025, which identified an active PCM fault.

Our Investigator asked CA to comment on the fact that the car had an active fault during its most recent inspection, but it didn't respond. I also note that CA has had multiple opportunities to investigate the stored fault codes further but hasn't done so. Given that the same fault codes were identified when the dealership inspected the car nearly a year earlier, I think it's likely on balance that there's an underlying problem which has been present since the car was supplied – which may have caused or contributed to the intermittent problems Mrs A reported.

The CRA says a business should be given a single chance to repair a faulty car – where issues were reported after more than 30 days. In this case, Mrs A reported at least some of her concerns within 30 days – including the problem with the illuminated warning lights. And

CA has been aware of the problems Mrs A has had with the car since – at the latest – July 2024 when she made a complaint. Although it arranged for the dealership to carry out software updates and tests, I can't see that it took steps to diagnose or repair the fault codes – even after they were confirmed in the engineer's report. Some of the problems Mrs A reported were resolved through software updates. I think if there was a software fix for the remaining faults, it would most likely have been implemented at the same time.

Taking everything into account, I don't think the car was of a satisfactory quality at the point of supply. I don't think a reasonable person would expect to experience so many intermittent problems with a car that was only one year old and had driven less than 4,000 miles.

I acknowledge CA's comment that Mrs A has been able to use the car since it was supplied and has driven nearly 7,000 miles. But the problems she's reported are mostly intermittent ones that didn't prevent her from using the car completely. So, I'm not persuaded that the fact Mrs A has used the car means it was of satisfactory quality. While I note CA's comment that the emergency brake system is a standard safety feature, I'm satisfied the car wasn't of satisfactory quality regardless of the braking issue Mrs A reported. Taking everything into account – including the length of time that's passed since Mrs A originally reported the faults – I think it's fair and in line with the CRA that she should be able to exercise her right to reject the car.

### **Putting things right**

For the reasons explained above, it's fair that Mrs A is able to exercise her right to reject the car. This means CA should arrange to collect it and end the agreement with nothing further for Mrs A to pay from that point. It should also refund the advance payment Mrs A paid.

Despite the faults with the car, Mrs A says she's been able to use it for the majority of the time since it was supplied. Although she was concerned that the car might not be safe, Mrs A says she had no choice but to use the car for the majority of the time as she didn't have any alternative options. She said she stopped using the car for a period of a few weeks – but that appears to have been due to an oil leak and not related to the faults she reported to CA. Based on the reports I've seen, the car covered close to 4,000 miles between October 2024 and April 2025 – so I'm satisfied Mrs A has had use of it. Although the car had faults, most of these were intermittent and didn't significantly affect Mrs A's use of the car on a day-to-day basis. So, it's fair that Mrs A pay for that use.

Mrs A says she's disabled with mobility issues, and wasn't kept mobile in a car that met her needs. The car was returned to the dealership for testing on at least three occasions to investigate the issues Mrs A had reported. Mrs A was supplied with a hire car during the first occasion, but not the second. Mrs A was without the car for a period of two days in July 2024 and wasn't kept mobile during that time. So, I think CA should refund the payments Mrs A made for that usage. I haven't seen anything to suggest that Mrs A was without the car because of the faults for any other significant period.

I'm also satisfied that Mrs A was caused some distress and inconvenience because she was supplied with a car that wasn't of satisfactory quality. She had to arrange for the car to be inspected on multiple occasions, and she says she had to take time off work to do this. It's also clear that the issues Mrs A was experiencing have caused her a lot of stress and worry since the car was supplied – as she was concerned it wasn't safe to drive. Mrs A says a fault with the emergency brake caused her severe back pain and had exacerbated her disability. While I haven't seen any medical evidence of this, I don't doubt that a problem with the car's brakes would have caused her considerable concern. Taking all of the circumstances into account, I think CA should pay Mrs A £300 to recognise the distress and inconvenience caused here.

Therefore, CA should:

- End the agreement, ensuring Mrs A isn't liable for payments after the point of collection, and take the car back without charging for the collection;
- refund the £13,000 advance payment Mrs A paid (if any part of this payment was made up of funds paid through a dealer contribution, CA is entitled to retain that portion of the payment);
- refund the payments Mrs A made towards the agreement from 1 to 2 July 2024;
- apply 8% simple interest per annum on the above refunded amounts, calculated from the date Mrs A made the payments to the date of the refund<sup>†</sup>; and
- pay Mrs A an additional £300 to compensate her for the distress and inconvenience caused by being supplied with a car that wasn't of a satisfactory quality.

<sup>†</sup>If CA considers that tax should be deducted from the interest element of my award, it should provide Mrs A with a certificate showing how much it has taken off so she can reclaim that amount, if she is eligible to do so.

### **My final decision**

My final decision is that I uphold Mrs A's complaint. I require CA AUTO FINANCE UK LTD to carry out the directions outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A to accept or reject my decision before 20 August 2025.

Stephen Billings  
**Ombudsman**