

The complaint

Mr R complains that the car he acquired through a PCP agreement with CA AUTO FINANCE UK LTD wasn't of satisfactory quality. He wants to reject the car and terminate the finance agreement.

What happened

Mr R entered a PCP agreement in September 2023 to acquire a used car. At the time of the acquisition, the car was three years old and had been driven just 32,000 miles. The cash price of the car was £26,900, and Mr R made an advanced payment of £3,000. The agreement was set up over a term of 48 months, and if it ran to term the total repayable would be £36,915.88. Mr R's monthly payments under the agreement were £431.04.

Mr R told us:

- In early November 2023, fault lights appeared on the dashboard, and he contacted his broker and was told he could continue using the car for now, but if the issue persisted, he should contact the supplying dealership;
- a week later he contacted the supplying dealership, and he was told that he shouldn't use the car, but the car could not be booked in for diagnostics until mid-December;
- in early January 2024, he was advised that the car was ready for collection, having had a replacement power supply distribution box and secondary battery, and his broker was willing to contribute £1,600 towards the repair bill – but he'd need to pay the balance of £66.50 himself;
- as he drove away from the supplying dealership, the fault lights came back on again, so he left the car with the supplying dealership for further work. He was provided with a courtesy car, but this was only for a few days from 7 January;
- the car remained with the supplying dealership for some time – it needed a replacement charger battery – but he was told it had been fixed and was ready for collection on 25 April;
- on collecting the car, he saw it had been damaged, so the car was returned to the supplying dealership the following day for a further 48 hours whilst repairs were completed;
- in early May, the same fault light re-illuminated and the car was taken back for further diagnostics and analysis.

In view of everything that has happened, and the failed repairs, Mr R wants to reject the car and terminate the finance agreement. He says it's been a stressful period and caused him anxiety, affecting both his work life and his home life. He told this Service that the worry and stress has been significant enough that he's been prescribed medication, and he provided a very detailed timeline and chronology of events and the contacts he's had with both the supplying dealership and CA AUTO.

CA AUTO rejected this complaint about the satisfactory quality of the car at the point it was supplied, but it recognised the challenges and frustration Mr R had experienced, and while admitting no liability, it offered him £150 compensation in recognition of the inconvenience.

CA AUTO said repairs had been necessary and had been completed at no cost to Mr R. And it said under the Consumer Rights Act 2015, it was permitted an opportunity to repair, which was the resolution provided. But it didn't agree that the car supplied was not of satisfactory quality, and it wouldn't accept rejection of it as a suitable option at this time.

Unhappy with CA AUTO's response, Mr R brought his complaint to our Service.

Our investigator looked at this complaint and said she thought it should be upheld. She said she was persuaded there was clearly a fault with the car – Mr R's testimony, his detailed chronology of events; along with the £5,000 worth of repairs that had already been undertaken, and the fact that the car remains at the supplying dealership with a fault, whose cause is unknown.

She explained the relevance of the Consumer Rights Act 2015 in this particular case and said she didn't think the car was of satisfactory quality when supplied. This was because of how quickly after supply the fault arose, and the fact that despite a number of diagnostics and attempted repairs, the fault with the car remains. She said CA AUTO needed to accept rejection of the car, and she set out what CA AUTO needed to do to put things right, taking into account the fact that Mr R hadn't been able to use the car for some considerable time even though he'd continued making his monthly payments, together with the additional costs he'd incurred directly as a result of what had happened. She also asked CA AUTO to pay Mr R some compensation in recognition of the distress and inconvenience it had caused.

Mr R accepted this opinion.

CA AUTO said is accepted this opinion and thanked our Investigator for the time spent investigating this matter.

Because both parties accepted this opinion, our Investigator closed this case in October 2024.

Nearly seven months later, Mr R tells us that despite both parties agreeing on how the complaint should be resolved, CA AUTO has not been in touch with him to arrange settlement.

Our investigator has contacted CA AUTO a number of times in December 2024, January 2025, and February 2025, but no progress has been made. CA AUTO did say in February that it was in the process of having the vehicle collected, and that it did not want this complaint to be escalated to an Ombudsman – but there's been no further progress since, and CA AUTO seems to have simply disengaged on this particular case.

Because of this, the complaint comes 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.

As the hire purchase agreement entered into by Mr R 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.

When considering what's fair and reasonable, I take into account relevant law and regulations. The Consumer Rights Act 2015 ("CRA") is relevant to this complaint. This says

under a contract to supply goods, the supplier – CA AUTO in this case – has a responsibility to make sure the goods were of ‘satisfactory quality’.

Satisfactory quality is what a reasonable person would expect – taking into account any relevant factors. 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. In this case, I would consider relevant factors to include, amongst others, the car’s age, price, description and mileage.

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. But, if the fault is identified after the first six months, then it’s for Mr R to prove the fault was present when he first acquired it.

In this particular case, the fault materialised within a few weeks of the car being supplied. So it was right that CA AUTO was afforded the single right to repair. But from what I’ve seen and read, it seems that despite having the car for more than 10 months, the supplying dealership has been unable to satisfactorily repair the car. On each occasion that repairs were said to have been completed, the fault returned, and the car was taken back to the supplying dealership. And under the CRA, CA AUTO has one single chance at repair, failing which, Mr R has a right to reject the car. Considering all that’s happened here, I think it’s now right and fair for Mr R to be able to reject the car.

I’m going to require CA AUTO to accept Mr R’s rejection of the car and end the credit agreement. I’m going to require it to refund Mr R some of his monthly payments in recognition of the fact he had reduced use of it. And CA AUTO will pay Mr R statutory interest at a rate that a court would award on judgement debts. This is designed to reflect the cost to a consumer of their being deprived of their own money; they may have had to go without things because they didn’t have that money.

Finally, I’ll be awarding an amount of compensation in recognition of the distress, inconvenience, worry and anxiety that CA AUTO cause Mr R.

Putting things right

I’m directing CA AUTO FINANCE UK LTD to settle this complaint by:

- ending the agreement with nothing further to pay;
- removing any adverse information from Mr R’s credit file in relation to the agreement;
- collecting the car (if this has not been done already) at no further cost to Mr R;
- refunding Mr R’s deposit/advance payment of £3,000;
- refunding Mr R any monthly rentals when he had no use of the car, and no courtesy car was provided;
- refunding 50% of the six monthly rental payments for the time Mr R had use of courtesy cars as they were not electric and he incurred additional fuelling costs;
- reimbursing £66.50 that Mr R paid towards the original repairs;
- paying 8% simple yearly interest on all refunded amounts from the date of payment until the date of settlement;
- paying a further amount of £450 for any distress or inconvenience that’s been caused due to the faulty goods.

*HM Revenue & Customs requires CA AUTO FINANCE UK LTD to take off tax from this interest. CA AUTO FINANCE UK LTD must give Mr R a certificate showing how much tax has been taken off if he asks for one.

My final decision

My final decision is that I uphold this complaint. If it has not already done so, I direct CA AUTO FINANCE UK LTD to settle this complaint as I've set out above.

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

Andrew Macnamara
Ombudsman