DRN-5370762

The complaint

Mr B complains that a car supplied to him under a hire purchase agreement with CA AUTO FINANCE UK LTD (CAF) was of unsatisfactory quality.

What happened

In October 2022 Mr B entered into a personal contract purchase agreement with CAF to acquire a used car. The car was just under four years old with a mileage of around 47,909 miles. The cash price of the car was £15,156.75, and Mr B paid an advance payment of £1,759.42. The total amount payable on the agreement was £18,554.10, payable over 47 monthly payments of £227.44 followed by a final payment of £6,105.00.

Mr B explained he'd encountered issues on several occasions with the vehicle. These started from the first day the car was collected, and Mr B explained these persisted intermittently until in September 2023, the vehicle suffered a serious issue and has been undriveable and awaiting repairs since.

Mr B had been liaising with the dealership, manufacturer linked repairers and CAF. After some time, the dealership agreed to cover the cost of the repairs identified from the September 2023 issue. The car had been with the manufacturer linked repairer from September 2023 until March 2024. It was then returned unrepaired to the dealership. The dealership explained they would cover the cost of the repairs once generated by the repairer and as such, the vehicle was then taken back to the manufacturer linked repairer in May 2024. As it stands, it appears the vehicle has not yet been repaired due to other cars being in line for repair first.

During this time, Mr B complained to CAF about the issues. CAF upheld his complaint, but explained they wouldn't be able to accept a rejection of the vehicle as he wanted and said the offer of the dealership to cover the cost repairs was fair. CAF offered to refund three monthly instalments of his agreement along with £150 for distress and inconvenience.

Mr B was unhappy with this, and as such, brought his complaint to this service where it was passed to one of our investigators. The investigator upheld the complaint. They explained the car was not of satisfactory quality when it was supplied, and due the amount of time passing between the vehicle suffering the issue needing repair in September 2023 and the investigator's outcome being issued in January 2025, the car had still not been repaired. The investigator explained this meant the repairs had not happened within a reasonable timeframe, meaning a rejection of the vehicle was now a fair outcome. Alongside this the investigator recommended some other costs be refunded.
In reply, Mr B agreed ot the outcome, however CAF did not agree, so the complaint has been passed to me to make a final decision.

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 whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach my decision.

Mr B acquired a car under a personal contract purchase agreement. Entering into consumer credit contracts like this is a regulated activity, so I'm satisfied we can consider Mr B's complaint about CAF. CAF is also the supplier of the goods under this type of agreement meaning they are responsible for a complaint about the supply of the car and its quality. The Consumer Rights Act 2015 (CRA) is relevant in this case. It says that under a contract to supply goods, there is an implied term that "the quality of the goods is satisfactory, fit for purpose and as described". To be considered as satisfactory, the CRA says the goods need to meet the standard that a reasonable person would consider satisfactory, considering any description of the goods, the price and all the other relevant circumstances. The CRA also says that durability can be an indicator of satisfactory quality.

So, it seems likely that in a case involving a car, the other relevant circumstances a court would consider might include things like the age and mileage at the time of sale and the vehicle's history.

In this case, Mr B acquired a car that was just under four years old and had travelled around 47,909 miles. As this was a used car with this mileage and age, it's reasonable to expect parts may already have suffered more wear and tear when compared to a new car or one that is less travelled. There's a greater risk this car might need repair and/or maintenance sooner than a car which wasn't as road-worn.

I've reviewed the available evidence about the issues Mr B experienced with the car. Based on what I've seen, I'm satisfied that there were faults with the turbocharger and engine. I say this because neither CAF nor Mr B dispute the faults exist, and I've seen the dealership are willing to cover the substantial cost of repairs needed. I've also seen invoices for investigating issues with the engine management light and fault codes relating to the turbocharger. Having considered the car had a fault, I've considered whether it was of satisfactory quality at the time of supply.

I can see Mr B reported issues with the engine management light and the vehicle going into limp mode very early on in the agreement. This is evidenced by the invoices from the dealership on 14 and 25 October 2022.

The invoices show an investigation into the engine management light being on, reporting faults relating to a fuel pressor sensor and the turbocharger as well as mentioning the vehicle in limp mode.

The action taken shows clearing the faults and a road test confirming vehicle was okay, with the advice that further faults would require a main dealer. I can see the mileage is recorded on the 14 October 2022 invoice as being 48,136, with some of the other paperwork from around this visit showing 47,922 miles. Either way this confirms Mr B's vehicle had only been able to travel a very short distance before it encountered issues.

There is also invoices from the dealership in June and July 2023. These show further investigations into the engine management light coming on and the vehicle going into limp mode with another fault code relating to the turbocharger.

Eventually in September 2023, the vehicle suffered a loud noise, and was taken to a manufacturer linked repairer for investigation. It was here the vehicle stayed until March 2024, where an invoice was issued showing the vehicle needed a short block assembly, timing belt kit and turbocharger assembly along with relevant gaskets. The repair work was quoted at £5222.93 in an email from the manufacturer linked repairer.

Having looked at the timeline of events, I'm persuaded that the car was not of satisfactory quality when it was supplied. I say this because the information available shows that Mr B's car was encountering issues with the turbocharger confirmed within the first week of the agreement starting by the invoice dated 14 October 2022. I'm persuaded by Mr B's testimony and the available information that the vehicle continued to encounter issues, that then led to the incident in September 2023 rendering the vehicle out of use since then. Alongside this, I'm also persuaded that the vehicle was not suitably durable when it was supplied. Taking into account this specific vehicle's age, mileage and price, a reasonable person may well expect to be able to use the car free from the type of defect Mr B's vehicle suffered for much longer than he did. The invoice dated 11 March 2024 shows Mr B's vehicle had covered a total of 54,070 miles, this means it had only travelled around 6,161 miles since the point of sale in October 2022. I have no information available that persuades me that the vehicle was suitably durable.

Putting things right

As I've concluded that the car was not of satisfactory quality when it was supplied, I think it's reasonable that CAF should put things right.

In this case, I do think rejection of the vehicle is a fair outcome. I say this because there had potentially already been an opportunity to repair the vehicle when the fault code relating to the turbocharger issue was identified soon after the agreement started. However, regarding the repair costs offered by the dealership, I'm persuaded these repairs also haven't been carried out in a reasonable timeframe. I say this because the issue happened in September 2023. The repair was detailed in an invoice six months later in March 2024, and as far as I'm aware the car still hasn't been repaired. This means Mr B is within his rights to reject the vehicle as laid out by the CRA.

CAF will need to end the agreement with nothing further to pay in relation to the monthly payments, arrange to collect the vehicle at no cost to Mr B and refund the advance payment paid, however CAF are entitled to keep any part made up of a dealer contribution if applicable.

CAF should refund Mr B any monthly payments made after the vehicle became unusable in September 2023 to ensure Mr B has not paid whilst his vehicle has not been usable. CAF should also refund Mr B the towing cost he paid to have the vehicle taken to the repairer as this cost has been incurred by Mr B due to being provided with a car of unsatisfactory quality. This has been evidenced by Mr B as £108.00.

I agree with the investigator that CAF should also pay a total of £300 for the distress and inconvenience caused here. I say this because Mr B has encountered issues with his vehicle throughout his ownership, and this will have caused inconvenience in having to arrange for investigations and being without his vehicle. Mr B has also been without his vehicle and has been trying to arrange to have this repaired for a significantly long time. This will have caused stress, worry and inconvenience.

My final decision

For the reasons explained, my final decision is I uphold Mr B's complaint and instruct CA AUTO FINANCE UK LTD must follow my directions above to do the following:

• End the agreement with nothing further to pay.
• Collect the vehicle at no cost to Mr B.
• Refund the advance payment paid towards the agreement as outlined above.
• Refund some monthly payments made as outlined above.
• Refund evidenced towing costs as outlined above.
• Pay 8% simple yearly interest* on the above, to be calculated from when Mr B made the payments to the date of the refund.
• Pay Mr B a total of £300 for the distress and inconvenience caused.

*HM Revenue & Customs requires CA AUTO FINANCE UK LTD to deduct tax from the interest amount. CA AUTO FINANCE UK LTD should give Mr B a certificate showing how much tax it has deducted If he asks for one. Mr B can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 29 August 2025.

Jack Evans
Ombudsman