

The complaint

Mr L complains that a car supplied to him under a personal contract purchase (PCP) agreement with CA AUTO FINANCE UK LTD trading as CA Auto Finance UK was of an unsatisfactory quality.

Reference to Mr L and CA includes their representatives.

What happened

In October 2023, Mr L was supplied with a used car through a PCP agreement with CA. The cash price of the car was £17,999, to be repaid over 48 monthly payments of £345.30, followed by a final payment of £8,098. At the time of supply, the car was around four years old and had travelled around 48,500 miles.

Within a week of the car being supplied, Mr L says he returned it to the dealership because the engine management light was on due to a faulty sensor. He also said the car had difficulty starting - particularly in cold weather – and the engine would sometimes cut out when slowing or stopping. The dealership arranged to replace the faulty sensor, as well as four glow plugs.

In April 2024 Mr L reported that he was still having trouble starting the car. The dealership asked him to take the car to the main dealer so that any faults could be diagnosed and repaired under warranty. The main dealer inspected the car and didn't find any diagnostic fault codes or problems with the glow plugs replaced by the dealership. They carried out a compression test and found that all four cylinders had low pressure. They said this suggested an internal fault with the engine, and that it would need to be stripped to investigate further. They concluded that there was a fault present with the car when it was supplied to Mr L.

In June 2024, Mr L said he didn't wish to arrange further investigations, and that he no longer wanted the car. He returned the car to the dealership and said he wanted to reject it. He made a complaint to CA, and said the car was of an unsatisfactory quality when it was supplied to him.

CA arranged an independent inspection of the car. The inspector carried out diagnostics and found no fault codes. However, they were unable to test the car as the battery had run flat. CA didn't think there was enough evidence to show that the car was faulty when it was supplied to Mr L. It acknowledged some delays in responding to the complaint, and offered Mr L £75 to recognise the inconvenience caused.

The complaint was referred to this service. One of our Investigators considered the complaint and upheld it. They were satisfied – based on the main dealer's comments – that the car had a fault that meant it wasn't of a satisfactory quality at the point of supply. They recommended that CA allow Mr L to reject the car and refund any payments he'd made since April 2024.

Mr L accepted the Investigator's recommendations. CA initially suggested that it wanted to

arrange a second inspection of the car – but didn't respond to the Investigator again after that. Because CA didn't respond, the complaint has been passed to me to decide.

After reviewing the complaint, I told both parties that I intended to reach the same overall outcome as our Investigator – for the same reasons. However, I intended to change the date from which CA should refund payments from April 2024 to 25 June 2024. This is to reflect the time that Mr L was provided with a courtesy car while the car was in the garage.

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 decision 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. Mr L 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 Consumer Rights Act 2015 (CRA) covers agreements such as the one Mr L 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 Mr L 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 this case, the car was around four years old and had a mileage of around 48,500. I think a reasonable person would expect a car of this age and mileage to have more wear and tear – and require some level of maintenance and repair much sooner – than a newer one would.

Under the CRA, faults that occur during 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. Mr L says he first reported a problem with the car starting in November 2023 – around a week after the car was supplied. I've kept this in mind when deciding the complaint.

Mr L says replacing the glow plugs didn't resolve the issue, so he took the car back to the dealership in April 2024 – and was then referred to the main dealer so the issue could be fixed under warranty. The main dealer carried out a compressions test and found that each of the cylinders were between 160 and 220psi. They said:

“All 4 cylinders should be around 310psi, so the results do suggest there's an internal fault with the engine. We would need to strip the engine to investigate further. Low cylinder

compressions would certainly cause poor starting. As noted during investigation, injectors 2 & 3 are seized in the cylinder head. (...)

While I'm confident that we will eventually find and rectify the fault, it's my opinion these faults were present when you bought the car."

CA has suggested it doesn't wish to rely on this, as it came in the format of an email from the main dealer rather than a formal report. While I've taken note of this, I see no reason not to take the main dealer's comments into consideration. I also note that the car was taken to the main dealer for diagnosis at the dealership's recommendation.

The independent inspection carried out in September 2024 was inconclusive, as the battery had run flat. But I think the main dealer's comments are enough to show that there is a fault. The cylinders had low pressure, and the dealer said the faults normally associated with this are consistent with the problems Mr L had reported. They also concluded that an internal engine fault was the most likely explanation. So, although the nature and extent of the fault has yet to be determined, I'm satisfied on balance there is one.

Mr L has been consistent that the cold start issue has been present since the car was supplied even after the initial attempt to repair it. The dealership suggested it was first made aware of the problem in April 2024. The dealership replaced four glow plugs after Mr L first returned the car in November 2023. Glow plugs are designed to help the car start in cold weather – and the dealership hasn't listed any other reason for replacing them on its job card. So, I think it's likely Mr L reported the cold start issue soon after the car was supplied and the glow plugs were replaced for that reason.

Given that Mr L first experienced the problem shortly after the car was supplied – and taking the main dealer's comments into account - I'm satisfied the fault was present or developing at the point of supply. I don't think a reasonable person would expect a car of this age and mileage to have problems starting up and to be cutting out while driving almost immediately after it was supplied. It follows that I'm satisfied the car wasn't of a satisfactory quality when it was supplied to Mr L.

Mr L initially reported the problem within 30 days of supply, and accepted a repair from the dealership at that point. Based on the information I've seen, I'm satisfied the dealership attempted to repair the issue by replacing the glow plugs, but that repair didn't successfully put right the issue.

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 conform to contract." This is known as the single chance of repair. And this applies to all issues with the goods, and to all repairs i.e., it's not a single chance of repair for the dealership AND a single chance of repair for CA – the first attempted repair is the single chance at repair. The CRA is clear that, if the single chance at repair fails, as was the case here, then the customer has the right of rejection. So, I think it's fair that Mr L is able to exercise his right under the CRA to reject the car.

I note that CA has suggested that a second inspection is required to diagnose the problem and establish whether a fault was present at the point of supply. But for the reasons I've explained, I'm satisfied based on the available evidence that there was a fault which meant the car wasn't of a satisfactory quality. While I appreciate why CA thinks a second inspection would have been helpful, I note that the dealership has had the car since June 2024 - so CA could have arranged one if it wanted to. I also note that the initial inspection was inconclusive because the battery had run flat while the car was with the dealership. Given how long the matter has gone on for already, I don't think it would be reasonable or

beneficial to arrange a further inspection at this late stage. Doing so would only delay matters further, and the presence of a fault at the point of supply has already been reasonably established.

Putting things right

For the reasons I've outlined above, it's fair that Mr L is able to exercise his rights to reject the car. This means CA should arrange to collect it and end the agreement with nothing further for Mr L to pay from that point.

Although the agreement started in October 2023, Mr L says he hasn't been able to use the car for the majority of that time but has continued to pay for it. He hasn't suggested that he was without a car in November or December 2023 when the initial repair was carried out. The car was taken to the main dealer in April 2024, and Mr L says he hasn't been able to drive it since then – but was instead provided with a courtesy car.

Given that the faults Mr L experienced caused the car not to start reliably and appears to have caused the engine to cut out mid-drive, I don't think it's unreasonable that he no longer wanted to use the car or that he decided to return it to the dealership. Mr L says the main dealer provided a courtesy car while it was with them – and that he returned it on 25 June 2024 when he decided to reject the car. As Mr L either had the use of the car or was otherwise kept mobile until 25 June 2024, I think it's fair that he pays for that usage. But I think CA should refund the payments made since then, as he no longer had the car and was no longer kept mobile.

The total amount Mr L was paying each month under the agreement was £386.70. £41.40 of this wasn't put towards the car itself, but for a separate negative equity balance. As that payment wasn't for the car I don't think CA needs to refund it. But it should refund the amount Mr L paid each month towards the car itself (£345.30) from 25 June 2024 until the agreement is ended.

I'm also satisfied Mr L was caused some distress and inconvenience because he was supplied with a car that wasn't of satisfactory quality. He had to return the car for repairs almost immediately after it was supplied, and after this was unsuccessful he had to go back and forth to the main dealer to try to get it repaired under warranty. And I appreciate it would have been stressful for Mr L for the car to have cut out when stopping. Mr L says that paying for a car he couldn't use caused him considerable stress and financial difficulty. Taking everything into account, I think CA should pay Mr L £300 to recognise the distress and inconvenience of being supplied with a car that wasn't of a satisfactory quality.

So, CA should:

- End the agreement ensuring Mr L is not liable for payments after the point of collection, and take the car back without charging for the collection;
- remove any adverse information recorded on Mr L's credit file in relation to this credit agreement, and the credit agreement should be marked as settled in full on his credit file, or something similar, and should not show as voluntary termination;
- refund the payments Mr L made towards the car finance element of the agreement from 25 June 2024 to the end of the agreement;
- apply 8% simple interest per annum to the above refunded amounts, calculated from the date Mr L made the payments to the date of settlement[†]; and
- pay Mr L an additional £300 to compensate him for the distress and inconvenience caused by being supplied with a car that wasn't of a satisfactory quality – less any

amounts previously paid under this complaint.

My final decision

My final decision is that I uphold Mr L's complaint. I require CA AUTO FINANCE UK LTD trading as CA Auto Finance UK to carry out the directions outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 9 October 2025.

Stephen Billings
Ombudsman