

## **The complaint**

Mrs C complains about a car supplied to her using a hire purchase agreement taken out with CA Auto Finance UK Ltd ("CA Auto").

## **What happened**

In February 2024, Mrs C acquired a used car using a hire purchase agreement with CA Auto. The car was around eight years old, the cash price of the car recorded on the agreement was £7,495, the agreement was for 49 months, made up of 48 regular monthly repayments, followed by a final payment, which included an option to purchase fee. The advance payment recorded on the agreement was £3,000. CA Auto said the initial mileage reading for the car at the time the agreement was taken out was 60,300 miles.

Mrs C said on the day she received the car, an amber engine management light ("EML") appeared on the car's dashboard.

Mrs C said that on two occasions she returned the car back for it to be repaired, once in February 2024 and then again in March 2024. On both occasions Mrs C thought the car was repaired, but the EML appeared on her drive home.

In April 2024, Mrs C received a courtesy car and her car was collected from her home to be investigated. Frustrated with how long investigations and repairs were taking, Mrs C complained to CA Auto towards the end of May 2024.

After eight weeks had passed, Mrs C referred her complaint to our service.

In August 2024, CA Auto issued their final response to Mrs C. They explained that the supplying dealership diagnosed the car and determined that an engine replacement was necessary. They said Mrs C agreed to the repair and that it was being covered under warranty, at no cost to her. So, they said Mrs C could no longer reject the car and offered £100 for the distress and inconvenience caused by this complaint.

Mrs C informed our service that the EML still appeared on the car after the engine was replaced. Mrs C provided two photos – one showing the EML illuminated on the car's dashboard; and another separate photo which showed the car's mileage at 63,611 miles. Mrs C also said she wasn't provided any details or job sheets for the works carried out to replace the engine.

It was arranged for the supplying dealership to collect the car to see if there was a fault with the car, but Mrs C said it wasn't collected after several weeks of waiting.

Our investigator issued their view where he upheld Mrs C's complaint. The investigator was satisfied there was a fault with the car and that the car wasn't of satisfactory quality when it was supplied. Among other things, the investigator directed CA Auto to arrange an independent inspection of the car to determine if it was still faulty and also to pay Mrs C 20% of monthly repayments made towards the agreement during the time the car had issues.

In January 2025, the car was inspected by a third-party engineer. Despite several requests by our investigator for a copy of the report, it wasn't provided by CA Auto.

A further view was issued by our investigator, where he amended the directions he required CA Auto to make. Among other things, he thought it was fair that CA Auto now allow Mrs C to reject the car.

A copy of the January 2025 report was later provided to our service. In summary, it explained that any previous repairs to rectify the EML illuminating had failed, which suggested the fault with the car was developing or present at the point of supply.

In February 2025, Mrs C confirmed the car's mileage was 64,447 miles.

As CA Auto didn't respond to the investigator's further views, the complaint was 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.

Having done so, I'm upholding this complaint and I'll explain why below.

I'm aware I have summarised events and comments made by both parties very briefly, in less detail than has been provided, largely in my own words. No discourtesy is intended by this. In addition, if there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is a fair outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as an alternative to the courts.

Mrs C complains about a car supplied to her under a hire purchase agreement. Entering into consumer credit contracts such as this is a regulated activity, so I'm satisfied I can consider Mrs C's complaint about CA Auto.

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. The CRA explains under a contract to supply goods, the supplier – CA Auto here – has a responsibility to make sure goods are of satisfactory quality. Satisfactory quality is what a reasonable person would expect – taking into account any relevant factors. It's important to point out in this case that the CRA specifically explains that the durability of goods can be considered part of whether they are unsatisfactory quality or not.

I would consider relevant factors here, amongst others, to include the car's age, price, mileage and description. So, it's important to note that the car Mrs C acquired was used, around eight years old, had been driven around 60,300 miles and cost around £7,500. I think a reasonable person would accept that it would not be in the same condition as a new car and was likely to have some parts that are worn.

What I need to consider is whether the car was of satisfactory quality when it was supplied. And in order to do that, I first need to consider whether the car developed a fault.

### **Had the car developed a fault?**

I don't think it is in dispute that the car developed a fault. I say this because Mrs C has provided several photos to show the car's EML illuminated on its dashboard. And CA Auto also confirmed in their final response to Mrs C that the engine needed to be replaced.

Furthermore, following repairs being carried out to the car, Mrs C has supplied further photos to show the car's EML still illuminated. An independent inspection was also completed to the car in January 2025 where a fault was found during a diagnostic scan. The report said:

*"The [code]... signals that the post-catalytic fuel trim system on Bank 1 is running too rich.*

*This means there's an excess of fuel in the exhaust after it has passed through the catalytic converter.*

*A rich condition can lead to various issues, including increased emissions and reduced engine efficiency.*

*Ignoring this warning could result in more significant problems to the catalytic converter.*

*The engineer would be of an opinion that any previous repairs to rectify the EML illuminating have failed, which would suggest the fault was developing/ present at the point of sale."*

Considering the above, I think it is likely there was a fault with the car in relation to its engine, evidenced by the findings of the report as well as the images Mrs C has supplied of the EML on the car's dashboard.

#### Was the car of satisfactory quality at the point of supply?

Considering the fault presented itself shortly after the car was acquired, and the inspection report says they believed the fault to be a pre-existing condition, I'm satisfied the fault was likely present or developing at the point of supply.

#### Remedies under the CRA

What I now need to consider is whether CA Auto needs to do anything to put things right.

I've gone on to think carefully about the remedies available to Mrs C under the CRA. I've also thought carefully about the time that has elapsed, and the opportunity CA Auto has had to resolve any issues with the car. I'm also mindful that Mrs C's preferred option here is to reject the car.

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 Auto – the first attempted repair is the single chance at repair. What's more, if a different fault arises after a previous repair, even if those faults aren't related, the single chance of repair has already happened – it's not a single chance of repair per fault.

In this case, it was agreed that the car's engine would be replaced as set out in CA Auto's final response. From my understanding, those repairs were carried out, but the issues Mrs C experienced, being the EML illuminating on the car's dashboard, persisted. An independent

inspection was then carried out to the car which concluded that any previous repairs to rectify the EML illuminating had failed.

So, I'm satisfied CA Auto has already had the opportunity to repair the car and I think it failed, or the car has an underlying fault that was never put right. Considering the time that has passed, and the opportunities CA Auto has had to repair the car, I don't think it would now be fair to allow them the opportunity to repair the car again, as there isn't a guarantee that the fault could be resolved within a reasonable time, and without significant inconvenience to Mrs C.

So, as I'm satisfied Mrs C has had one repair, and the car still has a fault, it follows that I think it is fair and reasonable for Mrs C to be allowed to reject the car.

#### Loss of use

I'm satisfied the car has been used. From the point of supply up to around February 2025, the car had been driven around 4,150 miles, in the space of around twelve months. And I'm mindful that on occasions Mrs C said she received a courtesy car. So I think it is fair that Mrs C does pay towards usage of the car she acquired.

However, I do think that Mrs C has suffered impaired usage of her car, as at times, it was not performing as it should. From 3 April 2024, Mrs C returned her car back to the supplying dealership to be fully investigated, after previous attempts to repair it. And Mrs C has consistently been able to show that the EML was illuminated on the car's dashboard.

In the circumstances, I think it would be fair for CA Auto to reimburse Mrs C 20% of all monthly repayments made towards the agreement from 3 April 2024 up until when the agreement ends.

#### Distress and inconvenience

In CA Auto's final response to Mrs C, they offered £100 in recognition of the inconvenience this complaint had caused her. It is unclear if this payment has already been made to Mrs C. But in any event, I think CA Auto needs to do more in this instance.

Mrs C has explained the occasions she has had to take her car to be investigated and/or repaired. And on occasions she was told that issues with the car had been resolved, only for them to reappear. Mrs C has also explained in detail the times she has tried to engage with CA Auto to resolve this complaint in a timely way. Despite her attempts, she felt she had no option but to refer her complaint to our service.

I think it must have been frustrating for Mrs C to have to deal with the issues the car had. Mrs C explained how she lost faith in the issues with the car being resolved. With all this in mind, I think CA Auto should pay Mrs C a further amount of £300 as our investigator directed. So, £400 in total for the level of distress and inconvenience Mrs C experienced because of the above.

#### **My final decision**

For the reasons I've explained, I uphold this complaint and I instruct CA Auto Finance UK Ltd to put things right by doing the following:

- End the agreement with nothing further to pay (if this has not been done already).
- Collect the car (if this has not been done already) at no further cost to Mrs C.

- Refund Mrs C's advance payment made towards the agreement of £3,000. If any part of this advance payment was made up of funds through a dealer contribution, then CA Auto doesn't need to refund this amount. \*
- Reimburse Mrs C 20% of repayments made towards the agreement from 3 April 2024 to when the agreement ends and the car is collected. \*
- Pay Mrs C £400 to reflect the distress and inconvenience caused. If CA Auto has already given compensation in relation to this specific complaint, the final amount should be less the amount already given.
- Remove any adverse information from Mrs C's credit file in relation to the agreement, if any.

\* These amounts should have 8% simple yearly interest added from the time of payment to the time of reimbursement. If CA Auto considers that it's required by HM Revenue & Customs to withhold income tax from the interest, it should tell Mrs C how much it's taken off. It should also give Mrs C a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue and Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 27 June 2025.

Ronesh Amin  
**Ombudsman**