

The complaint

Mr V has complained that a car he acquired, under a personal contract purchase agreement with CA AUTO FINANCE UK LTD ('CA AUTO'), wasn't of satisfactory quality at the point of supply.

What happened

On 7 August 2023, Mr V entered into a finance agreement with CA AUTO for a used car. At that point, the car was around five years old and had 26,300 miles on the clock.

A couple of weeks later, Mr V had a chipped windscreen, and it was during the windscreen replacement that he was told by the technician that there may be problems with the car's internal wiring. He texted the dealership, but was reassured everything was alright.

The car then broke down on 6 September 2023, and was recovered. The breakdown report stated that the crank shaft pulley was rattling and the drive belt was broken. Repairs were carried out by the dealership, but at Mr V's expense. He's said that the repairs and the recovery totalled around £500 (but has not provided evidence of this to date).

Unfortunately, the car then broke down again on 18 October 2023, and was again recovered to the dealership. Mr V made a claim under his warranty, but this was declined on the basis that: *"We can conclude that the vehicle is displaying symptoms of a defective turbocharger due to wear of the central bearing. The DPF has also most likely been compromised due to contamination over time."*

Mr V and the dealership then agreed that the costs of the parts would be split between him and the dealership, and there'd be no charge for labour. It doesn't appear as if this invoice has been paid.

Two weeks later, the car broke down again. This time, it was taken to another garage. Mr V has explained he was told the diagnostics report couldn't be loaded, and that the car had no DPF. Since this point, Mr V hasn't used the car. Further, he hasn't been able to have its MOT carried out, as it would fail.

Mr V complained to CA AUTO, but it didn't uphold the complaint. It said that Mr V was responsible for the maintenance of the car. But, if he provided further evidence, it would investigate further.

Unhappy with this, Mr V brought a complaint to our service. One of our investigators looked into it. She noted that the car was used, so its price was considerably lower than it would have been if it had been supplied new. So, it would be expected that parts of the car might have already suffered some wear and tear. There's also a greater risk this car might need repair and/or maintenance sooner than a car which wasn't as road-worn when it was supplied.

Our investigator said there was clearly something wrong with the car. And further, that it wasn't of satisfactory quality at the point of supply, given how quickly the faults manifested

themselves. This meant, she thought Mr V should be able to reject the car, particularly given it's still off the road.

However, it subsequently turned out that Mr V had made some changes to the car, which CA AUTO wanted reversing before the car could be returned. Specifically, these were: an ambient interior lighting package; an immobiliser and tracker; and rear window tints. Mr V has explained these are easily and quickly reversible. CA AUTO also said that Mr V had removed the DPF.

Mr V noted that his car is being stored at a garage car park, which incurs a storage fee, and that he had to pay to have the car recovered there. He said he hadn't removed the DPF, and no mechanical work had been carried out, except by the dealership. Our investigator agreed, and said that she didn't find CA AUTO's submission that Mr V had removed the DPF persuasive.

The complaint was then passed to me, and I requested that CA AUTO have an independent inspection carried out, to determine the extent of any modifications, and what remedial work would be required to put things right. This report was then provided to me, but didn't add much to what was already known, largely because the car couldn't be started and would need to be taken apart. But it did say ambient lighting has been added to the roof liner.

I then issued a provisional decision. This was as follows.

I'm satisfied that the car wasn't of satisfactory quality at the point of supply. This is because it failed so many times, in such a short period of time after being acquired. And although it was a used car, these failures were still significant, given the cost of the car, its low mileage, the severity of the issues, and the number of issues experienced. I don't consider these to be mere maintenance.

This means, I've had to think carefully about how I think things should be put right. My concern here, is the potential cost to Mr V of having to put right the changes he's made to the car. I'm aware he considers them to be cosmetic, rather than 'modifications'. But whatever term is used, it is CA AUTO's right to have the car put back to how it was. For the avoidance of doubt, I've seen nothing to persuade me that Mr V has altered the DPF in any way, so CA AUTO may not require him to do anything regarding this. The 'modifications' are: an ambient interior lighting package; an immobiliser and tracker; and rear window tints.

I haven't been able to glean, from the report I have, how much this reinstatement would cost. Mr V has assured our service that it wouldn't be costly, and would only take him an hour.

Accordingly, I've set out a remedy, on this basis. But I would urge Mr V to think carefully about it, and let me know if, on reflection, his position is different. It's also worth bearing in mind that, if the full term of the agreement were to run, Mr V would likely need to remedy the changes at that point, if he chose to hand the car back, rather than making the final payment.

Taking all of the above into account, I think the agreement should be cancelled. This means the car should be collected, and Mr V should be refunded his deposit. He should also be refunded his consequential losses, which I will set out below, and his repayments in full for each time he has been without the car. I'm also satisfied the matter has caused distress and inconvenience. I think £200 compensation is a reasonable sum to address this aspect of the complaint.

Mr V accepted my provisional decision. CA AUTO did not. It said that Mr V had modified the car and removed the DPF, which led to the turbo failure. It also felt the independent report was questionable, given the car wouldn't start.

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 no new information has been provided, I'm not departing from my provisional decision. I agree that the report doesn't offer much assistance, but I haven't relied upon it. And I've already explained which modifications I think, on balance, that Mr V has, and has not, made.

Putting things right

To put things right, CA AUTO FINANCE UK LTD must, when the 'modifications' set out above have been corrected:

- cancel the agreement and arrange collection of the car at no cost to Mr V;
- refund his advance payment of £5,000, adding 8% simple interest a year, from the date of payment to the date of settlement;
- refund his monthly repayments, on a pro rata basis, for each period he has been without the car, adding 8% simple interest a year, from the date of each payment to the date of settlement;
- refund Mr V for all repair costs, recovery fees and reasonable car storage charges he's incurred, adding 8% simple interest a year, from the date of each payment to the date of settlement – upon provision of proof of payment of these;
- pay directly to the dealership any outstanding repair invoices;
- reimburse Mr V for any admin fee incurred for cancelling/transferring the car's insurance policy;
- reimburse any insurance premiums Mr V has paid for the car, for any period he also had to take out insurance for another car to keep him mobile;
- pay him £200 compensation for the distress and inconvenience caused; and
- mark the agreement as settled on Mr V's credit file, and ensure any negative information regarding the agreement is removed.

My final decision

It's my final decision to uphold this complaint. I require CA AUTO FINANCE UK LTD to take the actions set out above, in the section entitled 'Putting things right'.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 6 June 2025.

Elsbeth Wood
Ombudsman