DRN-5513441

The complaint

Mr G is unhappy that a car supplied to him under a personal contract purchase agreement with CA Auto Finance Ltd ('CAF') was of an unsatisfactory quality.

What happened

On 15 May 2024, Mr G was supplied with a used car through a personal contract purchase agreement with CAF. He paid an advance payment of £15,000 and the agreement was for £69,990 over 49 months; with 48 monthly payments of £996.20 and a final payment of £47,298. At the time of supply, the car was approaching three years old and had done 26,575 miles.

The car broke down on 29 May 2024 and was recovered to a manufacturer's main dealership. The alternator was replaced at the cost of £1,178.61, and the cost of this was covered by the warranty. The car broke down again on 19 July 2024 and was again recovered to the manufacturer's dealership. They diagnosed a potential turbo fault, but also noted the engine control unit chip ('ECU') in the car had been remapped – something Mr G says wasn't disclosed to him at the point of supply.

Mr G complained to CAF on 15 August 2024, asking to reject the car. The car was inspected by an independent engineer on 23 September 2024 at which point it had done 27,771 miles – around 1,200 miles after it was supplied to Mr G. The engineer said there were issues with the turbo that had been present when the car was supplied to Mr G. They also said that the car needed to be investigated *"under manufacturers workshop conditions and on a manufacturers diagnostic computer … to confirm whether the vehicle has been subject to a vehicle remap."*

CAF responded to Mr G's complaint on 11 October 2024, offering to repair the car. Mr G didn't agree with this as a resolution, so he brought his complaint to the Financial Ombudsman Service for investigation.

Our investigator said there was a fault with the car that was present when it was supplied to Mr G, and this made the car of an unsatisfactory quality. However, as Mr G had chosen to have the alternator replaced by a manufacturer's main dealership, and not by either the supplying dealership or CAF, CAF had the right of repair.

The investigator also contacted the manufacturer's dealership directly about the possible remap. They confirmed they can't determine when any remap was applied, or what it was for. However, they did confirm that any remap wouldn't void any repairs and/or warranties. Because of this, the investigator didn't think the car had been misrepresented to Mr G.

So, the investigator recommended that the car was repaired, that CAF refund the payments Mr G made between 19 July 2024 (when the car broke down) and 11 October 2024 (when repair was offered and refused), and that CAF pay Mr G £250 compensation for the distress and inconvenience he'd suffered.

Mr G didn't agree with the investigator's opinion. He said the car wasn't of a satisfactory quality when it was supplied to him, so he had the right to reject it given that an attempt to repair the car had already failed. He also said that he had no faith in either CAF or the supplying dealership repairing the car, so he believed rejection with a charge of £0.45 for every mile he'd done in the car was a fair resolution.

CAF also didn't agree with the investigator's opinion. They provided a response from the supplying dealership, via the broker who arranged the finance, that said the dealership were unwilling to assist Mr G. The dealership believed the warranty being voided on 24 July 2024 proved that the ECU had been remapped by Mr G after the car was supplied to him, and that this remap was the main cause of the turbo failure – the performance enhancing software had put undue strain on the engine and turbo.

Because neither party agreed with the investigator, this matter has been 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've reached the same overall conclusions as the investigator, and for broadly the same reasons. 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 view on the balance of probabilities – what I think is most likely 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 G was supplied with a car under a personal contract purchase agreement. This is a regulated consumer credit agreement which means we're able to investigate complaints about it.

The Consumer Rights Act 2015 ('CRA') says, amongst other things, that the car should've been of a satisfactory quality when supplied. And if it wasn't, as the supplier of goods, CAF are responsible. What's satisfactory is determined by things such as what a reasonable person would consider satisfactory given the price, description, and other relevant circumstances. In a case like this, this would include things like the age and mileage at the time of sale, and the vehicle's history.

The CRA also implies that goods must confirm to contract within the first six months. So, where a fault is identified within the first six months, it's assumed the fault was present when the car was supplied, unless CAF can show otherwise. So, if I thought the car was faulty when Mr G took possession of it, and this made the car not of a satisfactory quality, it'd be fair and reasonable to ask CAF to put this right.

I've seen the independent engineer's report dated 23 September 2024. The key findings of this report are detailed above, so I won't repeat them here. However, I have noted the engineer also confirmed their duty is to the courts, not to the person who instructed or paid for the report. As such, I'm satisfied this report is reasonable to rely upon.

I've also seen and considered all the information and evidence relating to the remap. When the manufacturer's dealership investigated the turbo fault on 24 July 2024, they noted the car had a code which implied the ECU had been remapped. They have also explained this isn't something they would've checked when they replaced the alternator.

Furthermore, the manufacturer's dealership said they are unable to determine when this remap took place. But they have confirmed this remap code doesn't affect or invalidate any repair or warranty. What's more, neither the independent engineer nor the manufacturer's dealership have said that the remap was the cause of the premature failure of the turbo.

Given this, I consider it highly unlikely that Mr G had the ECU remapped, otherwise he wouldn't have complained about the remap and said the car had been misrepresented as a result. But, even if I'm wrong about this, as I've said, I've seen nothing to show me the remap was the cause of the faults with the car.

As such, I can't agree with the supplying dealership's conclusions that the evidence clearly shows Mr G had the car remapped (it doesn't), that the warranty is void because of the remap (the manufacturer's dealership has confirmed it's not), or that the remap caused the turbo to fail (there is no evidence it did). Therefore, as the car supplied to Mr G was of an unsatisfactory quality, I think it would be fair and reasonable to ask CAF to do something to put things right.

Putting things right

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 confirm 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 supplying dealership AND a single chance of repair for CAF – 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.

While the evidence clearly shows the alternator was replaced in June 2024, I'm satisfied this does not count as the single chance of repair. I say this because the repair was carried out by a third party – the manufacturer's dealership – and not by either the supplying dealership or CAF. What's more, I haven't seen anything to show me that the supplying dealership or CAF authorised this repair. As such, the single chance of repair remains, and CAF are entitled to this.

In their complaint response letter of 11 October 2024, CAF offered to repair the car. As I've said, they are entitled to this single chance of repair, so I think it was fair and reasonable for them to make this offer. However, Mr G refused to allow the repair to take place.

When a car supplied under a regulated finance agreement isn't able to be driven, and when no courtesy car is supplied, I'd usually say that the financial business should refund the payments made. However, I don't think it's fair to do so in this situation, and I'll explain why.

The car broke down on 19 July 2024, and it was off the road and undriveable until at least 11 October 2024 when CAF offered repair. However, the MOT record shows the car passed an MOT test on 19 April 2025 at 27,863 miles – around 1,100 miles since the independent inspection. As the car had travelled around 1,200 miles between supply and breakdown – around two months - the MOT mileage would imply the car was back on the road at least two-months before the MOT test took place i.e. no later than February 2025.

But repair was offered, and refused, in October 2024. As such, I think it's fair that CAF only refund the payments due for the period 19 July 2024 to 11 October 2024, as this is the period Mr G was without use of the car, awaiting a response as to whether it would be repaired or rejected. For clarity, I don't think it's fair that Mr G should be refunded the

payments for the period after repair was offered, as CAF had the right of repair, even if Mr G wanted to reject the car instead.

Finally, I think Mr G should be compensated for the distress and inconvenience he was caused by the above. But crucially, this compensation must be fair and reasonable to both parties, falling in line with our service's approach to awards of this nature, which is set out clearly on our website and so, is publicly available.

I note our investigator also recommended CAF pay Mr G an additional £250, to recognise the distress and inconvenience caused. And having considered this recommendation, I think it's a fair one that falls in line with our service's approach and what I would've directed, had it not already been put forward. So, this is a payment I'm directing CAF to make

Therefore, if they haven't already, CAF should:

- arrange for the faults identified in the independent engineer's report of 23 September 2024 to be repaired at no cost to Mr G (if Mr G has already had these repairs done, upon proof of payment, they should refund the cost of these repairs);
- if no courtesy car is/was provided during these repairs, CAF should also refund the payments due for the period of the repairs;
- refund the payments due and made under the agreement for the period 19 July to 11 October 2024;
- apply 8% simple yearly interest on the refunds, calculated from the date Mr G made the payments to the date of the refund†; and
- pay Mr G an additional £250 to compensate him for the trouble and inconvenience caused by being supplied with a car that wasn't of a satisfactory quality (CAF must pay this compensation within 28 days of the date on which we tell them Mr G accepts my final decision. If they pay later than this date, CAF must also pay 8% simple yearly interest on the compensation from the deadline date for settlement to the date of payment†).

†If HM Revenue & Customs requires CAF to take off tax from this interest, CAF must give Mr G a certificate showing how much tax they've taken off if he asks for one.

My final decision

For the reasons explained, I uphold Mr G's complaint about CA Auto Finance Ltd. And they are to follow my directions above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 26 August 2025.

Andrew Burford
Ombudsman