

The complaint

Mr M complains about the quality of a used car he acquired through a hire purchase agreement with CA Auto Finance UK Ltd ('CA'). He says the car is now faulty and he would like to return it.

He also says that CA shouldn't have sold him the car due to some medical problems he was having at the time. These made him vulnerable, and not in a fit state to purchase a car.

What happened

Mr M's complaint is about the quality of a car he acquired in February 2023. The car was used, and it was first registered in April 2016. So, it was just under seven years old when Mr M received it. It had covered 82,850 miles.

Mr M acquired the car using a hire purchase agreement that was started in February 2023. The vehicle had a retail price of £18,995. Mr M financed the full purchase price. This agreement was to be repaid through 60 monthly instalments. There were 59 monthly instalments of £432.91, and then a final instalment of £442.91. If Mr M made repayments in line with the credit agreement, he would need to repay a total of £25,984.60.

Mr M has complained about how the car was sold to him and the quality of it. Below is a summary of the issues complained about by Mr M and the investigation and repair work that has been carried out by a garage, alongside what has happened in respect of the complaint.

Mr M says he contacted a dealership about two cars he had seen on Autotrader. He was sent information about the car and the finance and completed and returned the paperwork. He then received a confirmation call from the credit broker to check he understood everything. He completed the sale electronically and the car was delivered to him.

Mr M has provided a significant amount of information that shows he was very unwell. He was on medication and was in hospital in a critical condition at times. I understand he was discharged from hospital when he acquired the car. Although he was still very unwell and returned to hospital at a later time.

Mr M has provided a record of the servicing and the repair and maintenance that has been performed. He says that this shows the car has been properly maintained during the time he has used it. I don't disagree with this.

However, in September 2024, the car broke down and it was recovered to a local garage. I've seen an invoice from the garage, dated in December 2024, that shows that the car was looked at to find out what the problems with it were. The invoice shows that the turbocharger had failed, the timing chain in the car was excessively stretched and there were metal filings in the engine oil which would suggest the car needed a new engine. It estimated the repair work would cost around £12,000. The invoice also showed the car had travelled 127,473 miles. So, Mr M had used it for over 44,000 miles.

In November 2024 Mr M complained about the quality of the car and said that he wanted to now reject it. He also said that he was very unwell at the time the car was sold, and he was on a significant amount of medication. This meant that he didn't really understand the agreements he was entering into. He thought he had purchased a car with a manufacturing date of 2020 rather than 2016.

CA considered this complaint, and it didn't uphold it. It said the problems with the car were apparent more than six months after Mr M acquired the vehicle and after he had travelled a significant number of miles in it. So, it was clearly not faulty at the time of supply. It also said that in the call that took place at the time of sale Mr M was provided with information about the car and the finance agreement. He didn't seem vulnerable and didn't say that he was. It offered £100 compensation for the distress and inconvenience that Mr M may have suffered.

Mr M didn't agree with this and brought his complaint to the Financial Ombudsman Service.

Our Investigator didn't uphold Mr M's complaint. He said that whilst the car now had a fault he wasn't persuaded that it wasn't of satisfactory quality when it was acquired by Mr M. This is because of the time and distance travelled before the car broke down. He also didn't think that the car was misrepresented to Mr M, or that CA or the dealership may have been aware that Mr M was vulnerable due to his health problems.

Mr M didn't agree with the Investigator. He provided some further information about his medical problems and the medication he was on. He maintained that he was very vulnerable and should not have been sold a car. He said the car now has a significant issue. And he wanted a review due to his exceptional medical circumstances at the time, and the unreasonable expectation that he could have made a sound financial decision in such a state.

Because Mr M didn't agree, this matter 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.

In considering what is fair and reasonable, I need to have regard to the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider was good industry practice at the relevant time.

The agreement in this case is a regulated hire purchase agreement – so we can consider a complaint relating to it. CA as the supplier of the goods under this type of agreement is responsible for a complaint about their quality.

The Consumer Rights Act 2015 ('CRA') is relevant to this complaint. It says that under a contract to supply goods, there is an implied term that 'the quality of the goods is satisfactory'.

To be considered 'satisfactory', the goods would 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. 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 car's history.

The quality of the goods includes their general state and condition and other things like their fitness for purpose, appearance and finish, freedom from minor defects, safety, and durability can be aspects of this.

This car was about seven years old when Mr M acquired it, and it had travelled around 82,500 miles. I think a reasonable person would accept that such a vehicle would probably have some parts that are worn and would need replacing sooner or later – which is reflected in the lower price paid in comparison to a new vehicle.

But there's also a reasonable expectation that a vehicle will be relatively durable - taking into account its age, price and mileage at the outset. So even though the vehicle wasn't new Mr M should have been able to use it for a reasonable period before it needed significant work.

Was there a fault with the car

As I've outlined above the car is no longer driveable as it has faults with the turbocharger, the engine, and the timing chain is worn. It's not disputed that the car has these faults.

Was the car of satisfactory quality bearing in mind these faults

Whilst I have noted these faults and problems, this doesn't necessarily mean that the car wasn't of satisfactory quality at the time of supply. The overriding factor here is that this was a used car that had travelled a significant number of miles before Mr M acquired it. And Mr M himself also drove it for a significant distance before it broke down.

So, this car was always going to need some repairs and maintenance over time, as it did. I've thought about whether the work that the car needed was reasonable for a car of this age and usage.

As I've outlined above the car broke down after it had travelled about 127,000 miles in total. The faults that the car now has are relatively common where a vehicle has travelled this distance and are, in some respects, to be expected. I don't think these faults are indicative of the car being faulty, rather than the parts that now need replacing or repairing have come to the end of their lives due to the normal use of them.

Given the distance that Mr M has been able to drive the car I think it's reasonable to say that it has been durable. Added to this if the car had the problems at the time of sale that it now has, then I don't think that Mr M would have been able to drive it for the distance that he did.

So, I can't say it's likely that the engine faults were apparent, or developing, at the time the car was supplied to Mr M. It follows that, having looked at everything, I don't think there is enough for me to say that the car was not of satisfactory quality when it was supplied. So, I don't think that CA should be responsible for putting the faults with the car right or paying any compensation.

Was the car or the finance mis-sold or misrepresented to Mr M

Mr M says he wasn't in a reasonable mental state when he purchased the car, and he wasn't fully aware of all of the details about this and the finance. He says that the dealership should have been aware of this and not sold him the car.

I understand that CA wasn't a party to some of the sales negotiations, and it may not have been aware of what was discussed between Mr M, the car dealer and the credit broker. But it can still be responsible for what was discussed and the information that Mr M was provided

by the broker and car dealer. This is because section 56 of the Consumer Credit Act 1974 establishes that a finance company can be held responsible for antecedent negotiations carried out by their agent that take place before the agreement is entered into.

There has been a significant amount of correspondence in this complaint about Mr M's medical conditions and the treatment he was undergoing for these at the time. I have read all of this, but I won't refer to it all here or talk about all the issues that have been raised. This is partly to avoid providing too much detail about Mr M's circumstances, and partly as I don't need to refer to all of it to reach my decision. So, I'll just talk about what is needed for me to decide if CA has acted fairly.

It is clear that Mr M was unwell at the time he purchased the car. But he initiated the buying process online and then received a call from the credit broker about the car and the finance.

There are regulations and laws about how a business should act where there are problems or doubts about a person's capacity to act. Whilst this primarily concerns disabilities, I think it's reasonable to say it may apply here as Mr M has essentially said that his medication led to him being without capacity to make financial decisions. The Financial Conduct Authority consumer credit sourcebook (CONC) chapter 2.10 is 'Mental Capacity Guidance' for regulated firms. The starting point is where it says that:

'CONC 2.10.4: A firm should assume a customer has mental capacity at the time the decision has to be made, unless the firm knows, or is told by a person it reasonably believes should know, or reasonably suspects, that the customer lacks capacity.'

And the chapter gives further guidance in CONC 2.10.8 which lists nine examples of where a firm is likely to have reasonable grounds to suspect a customer may have some form of mental capacity (as defined in CONC 2.10.3). I have used these examples when considering the evidence.

I've listened to the call Mr M and the broker had about the car purchase and the finance. I think it's reasonable to say from this that it isn't immediately apparent that Mr M lacked the capacity to enter into the agreement and I've seen no evidence to demonstrate that he informed the dealership that this was the case (if it was). Mr M seems to have confirmed that he understood he was acquiring a car using finance and he confirmed he was aware of the details of the finance. And it's not clear to me that the dealership or broker was aware, or were told, that Mr M may have been a vulnerable customer that lacked the capacity to decide to enter into a finance agreement or purchase a car.

And even if it was clear to the dealership (or any other party involved in the sale of the car) that Mr M was a vulnerable customer, I don't think this would change the outcome here. This is because it would need to be shown that Mr M's actions would have been different if the dealership or broker had acted differently.

Mr M initiated the sale of the vehicle. But Mr M hasn't been unwell or without capacity for all of the time he has been using the car. And it must have been clear to him shortly after the agreement was entered into, that it might not have been right for him if this was the case. But he didn't raise this issue until after he had driven the car for around a year and a half and for a further 44,000 miles. It's difficult to now say that he was unhappy with the initial agreement after so much time has passed and he has used the goods in the way he has.

Given this I don't think it's reasonable to say that if Mr M had been treated differently that this would have altered his decision to acquire the car. I think he was satisfied with the car and the agreement until the car broke down. And this is the crux of his complaint. Which I believe

demonstrates that he understood and agreed with the car sale and the finance. Even if this was potentially sometime after the time of sale.

So, I don't think any further information or treating Mr M as a vulnerable customer would have led to him not purchasing this car.

Having considered everything I've been provided I don't think I can say that Mr M was misled at the time of sale, or that it was clear to the dealership that he didn't have the capacity to act.

My final decision

CA Auto Finance UK Ltd has already made an offer to pay £100 to settle the complaint. Mr M should contact CA directly if he now wishes to accept this. If CA has already paid this amount it doesn't need to pay it twice.

For the reasons set out above, I don't uphold Mr M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 22 July 2025.

Andy Burlinson
Ombudsman