

The complaint

Miss M complains that a car supplied to her under a personal contract purchase agreement with CA AUTO FINANCE UK LTD (CAF) is of unsatisfactory quality.

What happened

The circumstances surrounding this complaint and my initial findings were set out in my provisional decision which said:

“In September 2023, Miss M entered into a personal contract purchase agreement with CAF to acquire a used car. The car was almost four years old, with a mileage of around 25,640. The cash price of the car was £24,499.00. An advance payment of £1,000.00 was paid. The total amount payable on the agreement was £32,633.04, payable by 48 monthly repayments of £430.98 followed by a final payment of £10,946.00 if Miss M wanted to purchase the vehicle.

Miss M explained that she'd noticed the same day as purchasing the vehicle the tyres were bald. The dealership replaced these, but around a week later Miss M said she'd noticed a noise coming from the engine. Miss M said she's taken videos of the noise, and contacted the dealership about it, who told her to take it to a local garage and then present the information to the warranty company. Miss M explained she took the car to multiple repairers, but was referred to a manufacturer specialist without anyone being able to diagnose the issue, alongside Miss M's inability to pay for the diagnostics. Miss M noticed around September 2024 that the noise was louder and the engine management light was on.

Miss M said she contacted the dealership again but got no response, and at this point contacted CAF to complain. CAF explained she'd need a mechanical report showing the issues with the vehicle, and arranged for an independent inspection to take place.

The independent inspection report showed that there were issues, however this deemed them to be not present or developing at the point of sale. Miss M was unhappy with this as she explained she'd reported issues early on in the agreement. Miss M also later supplied a diagnostic from a third party repairer explaining an issue with the flywheel, the noise presented is the same as the noise experienced by Miss M in the videos Miss M took dating back to November 2023 and that it was likely to the fault was present at the point of supply.

CAF didn't uphold Miss M's complaint. It said that Miss M had been able to travel around 14,000 miles since the point of supply and there is no evidence the issues were present or developing at the point of sale.

Miss M didn't agree with this, and brought her complaint to this service where it was passed to one of our investigators. The investigator didn't uphold the complaint. They considered there isn't evidence the issue was present or developing at the point of sale and that the issues were likely due to fair wear and tear. Miss M was unhappy with this and sent in videos to show the faults happening in what she said was October 2023, alongside an image stating she raised the issue with the dealership in November 2023. The investigator explained this evidence did not change their outcome, and as such, I've been asked to review the

complaint to make a decision.”

I sent Miss M and CAF my provisional decision on 29 September 2025. I explained why I thought the complaint should be upheld. The key parts of my provisional findings are copied below:

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

“I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

Miss M acquired a car under a hire purchase agreement. Entering into consumer credit contracts like this is a regulated activity, so I'm satisfied we can consider Miss M's complaint about CAF. CAF is also the supplier of the goods under this type of agreement meaning they are responsible for a complaint about the supply of the car and its quality.

The Consumer Rights Act 2015 (CRA) is relevant in this case. It says that under a contract to supply goods, there is an implied term that “the quality of the goods is satisfactory, fit for purpose and as described”. To be considered as satisfactory, the CRA says the goods 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. The CRA also explains the durability of goods is part of satisfactory quality.

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 vehicle's history.

In this case, Miss M acquired a car that was almost four years old and had travelled around 25,640 miles. As this was a used car with this mileage and age, it's reasonable to expect parts may already have suffered more wear and tear when compared to a new car or one that is less travelled. There's a greater risk this car might need repair and/or maintenance sooner than a car which wasn't as road-worn.

I've reviewed the available evidence about the issue Miss M experienced with the car. Based on what I've seen, I'm satisfied that there is a fault with the car. I say this because neither CAF nor Miss M dispute there is a fault causing a noise from the engine. I've also seen the independent inspection report from the engineer confirming issues with the noises, the engine management light and multiple fault codes related to the engine and transmission systems. Miss M has also provided a conversation appearing to be with a manufacturer linked repairer quoting a cost for flywheel replacement. Having considered the car has faults, I've considered whether it was of satisfactory quality at the time of supply.

The major point of contention appears to be the mileage Miss M was able to travel in the vehicle before anything was reported to CAF. CAF and the independent inspector believe this shows the vehicle was of satisfactory quality when it was supplied as Miss M was able to travel around 14,643 miles up to the date of the inspection.

Miss M explained that she was raising issues with the dealership long before this, but was unable to obtain the help she needed, and didn't realise she could contact CAF. Miss M has also supplied her own diagnostic stating the issue with the vehicle and that it likely was present at the point of sale.

What I think is important here, is that Miss M agreed to pay a cash price of around £24,499.00, which I'd consider to be a significant amount, for a car not yet four years old, that had travelled around 25,640 miles. I'm persuaded that a reasonable person may expect to be able to use this vehicle for significantly longer than Miss M has done without encountering the issue she has that now requires a replacement flywheel. I do not consider a reasonable person would agree to pay this amount if they could expect this part to have failed as early as it did. As such, I'm persuaded the vehicle was not of satisfactory quality when it was supplied, as I'm persuaded the vehicle was not sufficiently durable. This is before taking into account the multiple fault codes that require investigation highlighted by the independent inspection report."

I invited both parties to make any further comments. Miss M responded to accept the provisional decision. CAF responded to put forward some comments by the dealership which I've summarised below, and CAF also explained if the decision remains to uphold the complaint, CAF would be willing to review having the vehicle repaired as an alternative resolution.

The dealership explained that the independent inspection report confirms a fault through consistent usage not one present at the point of sale, and feels the provisional decision overrides qualified analysis without due cause. It also added the vehicle was in use for around 12 months without any major issue and for around 14,000 miles. The vehicle is now around six years old having travelled around 42,000 miles. The dealership also said multiple repairers may have been unable to find a specific fault, and asked why would the financial ombudsman service feel qualified to comment on the value of the vehicle versus its age and what relevance does the value have to the argument in question, surely it is more important to establish whether a fault was actually present at point of sale. The dealership also said they were only given one week to respond to the provisional decision and that decisions are being made against dealers.

I thank CAF and the dealership for providing their comments. Having considered them along with a review of the evidence, I am still persuaded the vehicle was of unsatisfactory quality, particularly in relation to its durability. I'll answer the comments provided below I haven't added in every comment or point into the summary from the dealership above, but I have taken all of the information supplied into consideration to inform my decision.

I agree that the inspection report considers the faults were not present or developing at the point of sale, but this does not mean it has been ignored or overridden, it has been considered alongside all of the other available evidence. There are conflicting reports and I acknowledge why the dealership feel the one provided by Miss M may not be as independent. However, Miss M has explained she was trying to raise the issue from early on but couldn't get the help she needed meaning the issue may well have presented itself earlier, and taking into account relevant factors about the vehicle, including its age and mileage, and thinking about the particular failure that has occurred, I'm more persuaded that the vehicle was not sufficiently durable. I've explained in the provisional decision that a reasonable person may expect to be able to use a vehicle such as this one with its relevant factors for considerably longer before encountering significant issues with the parts Miss M has done. I acknowledge Miss M has been able to drive the vehicle for around 14,643 miles, but I'm persuaded a reasonable person could expect to use this for longer without this issue occurring on a vehicle such as this one. The flywheel that needs replacing could well be considered to last upwards of 80,000 miles and potentially much longer. The dealership wondered why the value of the vehicle has been mentioned. I consider it reasonable that vehicles can be priced due to their age, mileage and a number of other factors not mentioned here, and a reasonable person purchasing a significantly older or much more road-worn vehicle may expect it to be priced appropriately in relation to similar models less travelled or younger and may expect to need to maintain it sooner or expect certain parts to

need attention earlier in their ownership of it.

There was no information provided by the dealership or CAF that changes my provisional findings, as I remain persuaded by all of the evidence available that the vehicle was not of satisfactory quality, particularly in relation to its durability as explained above.

Now both sides have had an opportunity to comment, I can go ahead with my final decision.

As a note, and mentioned above, I can see the dealership were concerned they were only given one week to respond to the provisional decision and that decisions are being made against dealers I can confirm the provisional decision was sent on 29 August 2025, with a response deadline of 12 September 2025. Each case is decided on its individual merits, some complaints are upheld and something may be required to put that right, and some cases are not upheld, meaning the business involved is not required to do anything differently. I acknowledge the dealership may be disappointed in this particular case, however it has been decided impartially on its merits.

What I've decided – and why

As neither party responded to my provision decision with any further information that would change my reasoning or outcome, I see no reason to depart from my findings above. I've copied below what I provisionally decided CAF need to do to put things right. As I received no further information or comments that affect this, this has also not changed.

As a note, CAF have offered to review having the vehicle repaired as an alternative resolution. Whilst my direction is that the vehicle can now be rejected as I will outline below, Miss M is entitled to discuss repair with CAF if she wants to do so, however this decision will outline the redress as rejecting the vehicle.

Putting things right

As I've concluded that the car was not of satisfactory quality when it was supplied, I think it's reasonable that CAF should put things right.

I'm persuaded that in this case, rejection of the vehicle is a fair outcome. I say this because Miss M provided a diagnostic in support of her case showing the vehicle had an issue with the flywheel, and the repairs have not been carried out in a reasonable timeframe. The quote Miss M obtained to repair the vehicle is significant, and there may well be further work that needs carrying out to make the vehicle of satisfactory quality. For those reasons, a rejection of the vehicle is now a fair outcome.

It follows that CAF should now end the agreement with nothing further to pay in relation to the monthly payments and collect the vehicle at no cost to Miss M. Regarding the monthly payments taken whilst Miss M has been encountering issues, I note Miss M explained she decided to use the vehicle less and sometimes not at all due to the issues. Having said this, Miss M has an allowed annual mileage of 8,000 as listed on her agreement, and she has been able to travel around 16,042 miles in just under two years of the agreement starting. As such I wouldn't direct CAF to pay anything for loss of use of the vehicle. Whilst I acknowledge why Miss M reduced her use of the vehicle at times, I can't see that she was told to stop using it and taking this into account with the mileage achieved and other factors here, I don't think it is fair for CAF to refund the monthly payments taken up to this point.

CAF should refund Miss M's Advance payment, although CAF is entitled to retain any amount made up of dealer contributions if applicable. Alongside this, CAF should reimburse Miss M for any evidenced diagnostics paid for in relation to identifying the fault making the

vehicle of unsatisfactory quality.

I also considered if a payment for distress and inconvenience was due in this case. I'm persuaded it is fair for CAF to pay Miss M £250 for the distress and inconvenience caused here. I say this because Miss M has been trying to have faults investigated and rectified on her vehicle for a significant period of time, without being able to achieve this, her vehicle has had issues and she has had to spend time and effort trying to resolve these, and has encountered stress over paying for a vehicle she either couldn't use or was concerned to use at times.

My final decision

For the reasons explained, I intend to uphold Miss M's complaint and instruct CA AUTO FINANCE UK LTD to do the following:

- End the agreement as outlined above.
- Collect the vehicle at no cost to Miss M.
- Refund Miss M's advance payment as explained above.
- Reimburse evidenced diagnostic costs as outlined above.
- Pay 8% simple yearly interest* on the above, to be calculated from when Miss M made the payments to the date of the settlement.
- Pay Miss M a total of £250 for the distress and inconvenience caused.

*HM Revenue & Customs requires CA AUTO FINANCE UK LTD to deduct tax from the interest amount. CA AUTO FINANCE UK LTD should give Miss M a certificate showing how much tax it has deducted. If she asks for one, Miss M can reclaim the tax from HM Revenue & Customs if appropriate.

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

Jack Evans
Ombudsman