

The complaint

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

What happened

In August 2023, Mr P was supplied with a used car through a personal contract purchase agreement with CAF. He paid an advance payment of £3,099 and the agreement was for £12,549 over 48 months; with 47 monthly payments of £237.75 and a final payment of £7,423. At the time of supply, the car was almost four and a half years old and had done 86,520 miles.

The car broke down in August 2024 and Mr P had it inspected by a third-party garage. They suspected an issue with the timing belt and Mr P contacted the warranty company. He was told to get the repair done, and the car would be inspected afterwards, so he authorised the garage to complete the work.

The garage couldn't complete the work as, after stripping down the engine, they discovered that the timing chain had snapped, and a new engine was required. However, the warranty company refused to cover the cost as the car hadn't been serviced since August 2022 – a year before it was supplied to Mr P.

Mr P wasn't happy with this, as he said the car had been sold to him with a full-service history. He complained to CAF who said they would be prepared to cover the cost of repair if Mr P could evidence the car was faulty when it was supplied to him.

Mr P brought the matter to the Financial Ombudsman Service for investigation, and he also arranged for the car to be independently inspected. This inspection took place on 24 March 2025, and a copy of this report was provided to CAF on 1 April 2025.

The independent engineer found that the oil in the car had *"degraded significantly leaving considerable degrees of gum deposits"* throughout the engine components. They said there was no evidence the car had been serviced at the point of supply and the engine was in *"a poor state at the point of purchase"* and *"the selling dealer should be partly responsible if they have not carried out any normal presale checks or servicing, especially in respect of oil and filters."* As a result of this, the engineer said, *"the condition was most likely developing at the point of sale."*

Mr P felt that, as the car had been supplied with a warranty, then it was reasonable for him to assume the car met the minimum standards of that warranty i.e., that it had been serviced. He didn't think it was fair that he should be expected to immediately incur the costs of bringing the car up to the warranty standards as soon as it was supplied to him.

Our investigator was satisfied that the car wasn't of a satisfactory quality when it was supplied to Mr P, due to the developing fault caused by the oil degradation, and that CAF were responsible for this. So, they said that CAF should arrange for the car to be repaired,

as well as refunding Mr P the costs he'd incurred, refunding him the payments he'd made since 1 August 2024 (when he stopped using the car), and pay him an additional £200 for the distress and inconvenience he'd suffered.

Mr P agreed with the investigator's opinion, but CAF didn't respond to this. So, 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 P 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 conform 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 P 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 a copy of the independent engineer's report for the inspection that took place on 24 March 2025. 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.

As the car broke down almost a year, and around 10,000 miles, after it was supplied to Mr P, I'm satisfied that CAF acted reasonably by asking him to provide evidence the car wasn't of a satisfactory quality when it was supplied to him – the CRA implies it's for Mr P to provide this evidence given the time that had passed. I'm also satisfied that the independent engineer's report provides this evidence. The car wasn't of a satisfactory quality as it was provided with oil that was already degrading. And, as Mr P was supplied with a warranty that required the car to be fully serviced, it was reasonable for him to assume this had been done at the point of supply, whether or not the dealership told him a service had taken place (which Mr P says they did).

I appreciate the car was inspected on 1 May 2023, before it was supplied to Mr P, but this was a visual inspection of the car plus a six-mile road test. There's nothing to show me the

quality of the oil was tested at the time, or that any service took place. What's more, despite being in possession of the independent engineer's report since 1 April 2025, CAF haven't provided any evidence, for example a report from a different engineer, that contradicts the findings of the 24 March 2025 report. Given this, I'm satisfied the car wasn't of a satisfactory quality when it was supplied to Mr P, and CAF should 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. As things stand, CAF have not been afforded this right of repair, and I'm in agreement with the investigator that they should be allowed to do this. However, I would remind them that section 23(2) of the CRA requires them to undertake this repair within a reasonable time and without significant inconvenience to the consumer. Failure to do this would result in Mr P having the right to reject the car instead.

Mr P was able to use the car from the point it was supplied to him until 1 August 2024, when it broke down. He's not been able to use the car since this date, something that's supported by the independent engineer's comments, and the fact the car currently doesn't have a valid MOT and is registered as being off the road through a SORN.

As Mr P has been paying for goods he was unable to use, which, for the reasons already stated, I'm satisfied was due to the car not being of a satisfactory quality when it was supplied; and because CAF failed to keep Mr P mobile I'm satisfied they should refund the payments he made after 1 August 2025.

Mr P has also incurred expenses in the attempt to have the car repaired following the August 2024 breakdown, and in paying for the independent engineer's report. Given that the car wasn't of a satisfactory quality when supplied, I think it's only fair that CAF reimburse these costs.

Finally, I think Mr P 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 P an additional £200 to recognise the distress and inconvenience he's been caused by the complaint. 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, CAF should:

- arrange for the car to be repaired, at no cost to Mr P, and without any undue delay;
- refund all the payments Mr P has paid from 1 August 2024 until the car is fully repaired and has been returned to him;
- upon receipt of proof of payment, reimburse Mr P for the cost of the abortive repair following the August 2024 breakdown and the cost of the independent engineer's report;
- remove any adverse entries relating to this agreement from Mr P's credit file;
- apply 8% simple yearly interest on the refunds/reimbursements, calculated from the date Mr P made the payments to the date of the refund†; and

- pay Mr P an additional £200 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 P 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 P 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 P's complaint about CA Auto Finance UK Ltd trading as CA Auto Finance. And they are to follow my directions above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 15 October 2025.

Andrew Burford
Ombudsman