

The complaint

Mr D complains about a car supplied to him using a conditional sale agreement taken out with Hyundai Capital UK Limited ("Hyundai").

What happened

In July 2024, Mr D acquired a used car using a conditional sale agreement with Hyundai. The car was around five years old, the cash price of the car recorded on the agreement was £21,944, the agreement was for 60 months, made up of regular, monthly repayments of £280.93. The advance payment recorded on the agreement was £9,370.66. The mileage recorded on the vehicle order form for the car was 27,386 miles.

Mr D said it was agreed with the supplying dealership to have a tow kit installed to the car by a third-party at a later date and for the supplying dealership to pay for some of its cost.

Mr D said during the sales process he explained to the supplying dealership that he required an automatic transmission car and that it must be able to tow his caravan.

In August 2024, Mr D was driving the car, with a caravan attached. He said he noticed that when he drove the car in automatic mode, the car stayed in a lower gear and revved higher than expected. He said he didn't notice the same issue when driving the car in manual mode.

Mr D called a third-party breakdown service, and no issues could be identified on the day.

In September 2024, an appointment was booked in for the car to be investigated by the supplying dealership. Mr H said the car's gearbox was reset to factory settings. Mr H said that the issue with the car persisted when he tried to tow his caravan a few days after he collected his car.

Mr D complained to Hyundai. Hyundai explained to Mr D that after contacting the supplying dealership, they suspected the reason for the car not reaching its highest gear when in automatic transmission was due to the caravan likely having an automatic braking system when it is being towed. Mr D was told to have the car inspected by a specialist to determine whether there was an issue with the caravan or with the car.

Mr D said that he spoke with the caravan's manufacturer who told him that the fault was likely in relation to the car and not the caravan. He said he was told the fault was likely due to a load sensor relay – a part of the car which can be adjusted but was at the time too sensitive. Mr D also explained to Hyundai that the weight of the caravan was well below the maximum weight the car could tow.

In October 2024, Hyundai issued their final response to Mr D, in which they upheld his complaint as they thought Mr D had accepted repairs to be carried out to the car by the supplying dealership. Hyundai also gave Mr D £200 for the service received.

Mr D attended an appointment for the car to be investigated and repaired in November 2024.

In December 2024, Hyundai issued a further final response to Mr D. They explained that the supplying dealership couldn't identify a fault with the car and so didn't think they needed to do anything further.

Mr D ended his agreement with Hyundai early and returned his car.

In January 2025, Mr D referred his complaint to our service. Our investigator upheld Mr D's complaint as they didn't think the car was fit for purpose.

Mr D agreed with the investigator's findings. However, Hyundai didn't agree. And so, the complaint was passed to me to decide.

I issued a provisional decision on 28 May 2025 where I explained why I didn't intend to uphold Mr D's complaint. In that decision I said:

"I'm aware I have summarised events and comments made by both parties very briefly, in less detail than has been provided, largely in my own words. No discourtesy is intended by this. In addition, if there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is a fair outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as an alternative to the courts.

Mr D complains about a car supplied to him under a conditional sale agreement. Entering into consumer credit contracts such as this is a regulated activity, so I'm satisfied I can consider Mr D's complaint about Hyundai.

When considering what's fair and reasonable, I take into account relevant law and regulations. The Consumer Rights Act 2015 ("CRA") is relevant to this complaint. The CRA explains under a contract to supply goods, the supplier – Hyundai here – has a responsibility to make sure goods are of satisfactory quality. Satisfactory quality is what a reasonable person would expect – taking into account any relevant factors.

I would consider relevant factors here, amongst others, to include the car's age, price, mileage and description. So, it's important to note that the car Mr D acquired was used, around five years old, had been driven around 27,400 miles and cost around £22,000. I think a reasonable person would accept that it would not be in the same condition as a new car and was likely to have some parts that are worn.

The CRA also explains that the goods need to be fit for a particular purpose, where the consumer makes known to the trader (or credit-broker to the trader) any particular purpose for which the consumer is contracting the goods. I'm satisfied in this instance that the supplying dealership is the credit intermediary which brokered the credit.

What I need to consider is whether the car was of satisfactory quality when it was supplied. I also need to consider if I think it's likely Mr D made it known to Hyundai, or the supplying dealership, any particular purpose he'd be using the car for – and if so whether the car was reasonably fit for purpose. And to consider those points, I first need to make a finding on whether the car developed a fault.

Had the car developed a fault?

Mr D says that there is a known issue with the car, through research he has done online. Mr D also says the caravan's manufacturer as well as the third-party who installed the towing kit to the car, believe there to be an issue with the car, rather than with the caravan.

On the other hand, Hyundai said that the supplying dealership inspected the car and couldn't find a fault with it. They believe it to be the caravan which is compromising the car's performance as it is running at the very limits of its towing capabilities.

So, I'm mindful that there are two differing thoughts here on whether there is a fault with the car.

In this instance, no specific fault could be found with the car – either by Hyundai, the supplying dealership, or the third-party that installed the tow kit. And while the caravan's manufacturer believed there to be an issue with the load sensor relay, from my understanding, this was investigated and ruled out as a reason for what Mr D experienced.

I'm also mindful that the car has now been returned and is no longer in Mr D's possession. So, in the absence in the ability to inspect the car and caravan further, I'm satisfied there is insufficient evidence to determine there was a fault with the car.

Mr D argues that the car wasn't fit for purpose. He says it wasn't fit for purpose as he explained to the supplying dealership that he required a car that could tow his caravan and that it was an automatic transmission. However, from what I have seen, nothing suggests that the car couldn't tow the caravan in automatic mode, but rather that when it did, it engaged a lower gear and revved slightly higher. While I accept that fuel economy for the car may have been slightly higher as it couldn't engage a higher gear, I don't think this to be unreasonable, considering that a caravan of considerable weight was being towed at the time.

It follows that I don't think the car wasn't fit for purpose as no fault with it could be identified and as such, I do think the car was supplied to Mr D of satisfactory quality."

Responses to the provisional decision

Hyundai didn't respond before the deadline I set.

Mr D responded and said, among other things, that he did not accept the provisional decision I had reached. In summary, Mr D provided a further breakdown of events, from the point where he discussed the purpose of the car with the supplying dealership, up until his discussions with the dealership again where he chose to acquire a different car.

Amongst other things, Mr D reiterated some of the comments made by the third-party company that installed the towing kit to the car and also explained what he experienced when he drove the car with the caravan attached.

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'm not persuaded to change my outcome from what I reached in my provisional decision. And I'll explain why below.

I want to reassure Mr D that I have carefully considered the further points he made in his submissions, following my provisional decision. And, to be clear, I want to explain that I don't

dispute that Mr D did experience high revving from the engine, when he attempted to tow the caravan in automatic mode. However, as I explained previously, no fault has been identified. And, nothing suggests that the car couldn't tow the caravan in automatic mode, but rather that when it did, it engaged a lower gear and revved slightly higher.

It follows that I don't think the car wasn't fit for purpose as no fault with it could be identified and as such, I do think the car was supplied to Mr D of satisfactory quality.

My final decision

For the reasons I've explained, I don't uphold this complaint. So, I don't require Hyundai Capital UK Limited to do anything more here.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 10 July 2025.

Ronesh Amin
Ombudsman