

The complaint

Mr A complains that a used van supplied to him under a hire purchase agreement by CA Auto Finance UK Ltd (CA Auto) is of unsatisfactory quality.

What happened

On 17 April 2024, Mr A entered into a hire purchase agreement for the supply of a used van with CA Auto. The van was around eight years old, had done around 44,552 miles and its cash price was £15,588. Mr A made an advance payment of £3,000 and was to make 47 monthly payments of £351.99 and a final monthly payment of £361.99 under the agreement.

CA Auto says Mr A's agreement became effective on 19 April 2024 and I believe he collected the van from the supplying dealership on 20 April. The following morning, Mr A says the van wouldn't start, and had to be jump started. Mr A says lights also appeared on the dashboard, so he contacted the dealership, whom he says said the van likely needed a new battery, which it agreed to supply.

At some point over the next few days, it seems the new battery was delivered to the dealership. Mr A has sent us screenshots of texts between himself and the dealership about getting the battery fitted at Mr A's home address because Mr A said he couldn't drive the van to the dealership. In the last text we've seen, Mr A asked the dealership for a specific delivery date. We've asked Mr A if he got a response to that request and he says he didn't. The dealership, in contrast, says Mr A didn't give it a viable delivery date.

Mr A then says that, on 27 April, the new battery not having been supplied, he phoned the dealership to say he wanted to cancel his agreement and return the van. He says the dealership agreed to post the battery to him. The dealership denies this, saying it would've been too expensive to post.

On 1 May, Mr A emailed CA Auto saying he wanted to cancel his agreement and return the van. CA Auto advised Mr A to contact the dealership again, which I believe Mr A did – if not before, then in an email on 8 May.

On 11 May, CA Auto's system notes show Mr A phoned to say the dealership hadn't accepted his rejection of the van and were giving him "a run around".

On 13 May, CA Auto says it received and logged Mr A's complaint.

On 21 May, CA Auto's system notes show Mr A phoned again. I think this was because he'd got a text saying his May monthly payment was overdue. Mr A told CA Auto he'd emailed previously asking for his agreement to be cancelled. He said the dealership had refused to book the van in for repair and he'd told it within 14 days of supply that he no longer wanted it.

On 9 July, CA Auto sent Mr A its final response to his complaint. CA Auto referred to correspondence it said the dealership had previously sent Mr A which said that, on the day of supply, *"on a battery tester (tested the morning of collection) the battery was reading*

12.4v which is adequate to start the vehicle". In the same correspondence, the dealership disputed Mr A's version of the discussions that took place between them about the delivery and fitting of the new battery. The dealership also said the real reason Mr A wanted to reject the van was because the insurance was too expensive. (This is something Mr A denies. He says his first email to the dealership referred only to the battery issue and the need to jump start the van.)

Having referred to the dealership's correspondence, CA Auto said in its final response it wasn't upholding Mr A's complaint. It said that to accept rejection of the van, Mr A would need to prove it was faulty at the point of supply and this would require diagnostic tests. But CA Auto said it would pay for these diagnostics as a goodwill gesture. It also said it would arrange for the dealership to collect the van to replace the battery and carry out the tests. But the van wasn't collected and the tests weren't carried out.

Later in July, in a chain of correspondence CA Auto has sent us very recently between itself and the dealership's complaints handling team, the dealership said it would replace the battery as a goodwill gesture if Mr A brought the van to its workshop. CA Auto notes Mr A couldn't do that because he said the battery was completely flat. Within the chain of correspondence, the dealership again repeated its allegation that Mr A wanted to reject the van because he couldn't afford the insurance and that was why he refused to bring it in for repairs. It said the van was a non-runner because it hadn't been insured "*for ages*" and therefore hadn't moved, so "*killing the battery*". (Mr A has said there was a period when the van was uninsured (because he'd told the dealership and CA Auto he wanted to reject it). But Mr A has recently sent us his certificate of insurance and this shows the van was insured from January 2025 (I don't know if it was insured before then.)

On 20 July, the battery having still not been replaced, Mr A paid £246.79 to buy a new battery himself. He says this was fitted by the battery supplier. I understand CA Auto arranged for the dealership to reimburse Mr A for this expense and, although it took some time, this has now happened. We've asked Mr A if the new battery cured the fault with the van. Mr A says that, although he can now drive the van, he still has to jump start it. He remains of the view that the van has other undiagnosed issues.

While Mr A's complaint was being investigated by CA Auto, it agreed to hold off taking action in relation to some arrears that had built up on Mr A's account. After it gave its final response to Mr A's complaint, CA Auto resumed its collection activity. Mr A has asked for his credit profile to be cleared but, as far as I'm aware, that hasn't happened.

Unhappy with the situation, Mr A referred his complaint to us. The investigator who looked at it upheld it. Having considered the price, age and mileage of the van when supplied as well as when the fault first happened, our investigator didn't think the van was of satisfactory quality at the point of supply.

CA Auto disagreed and asked for an ombudsman to review Mr A's complaint. Among other things, it said a battery is a serviceable item and no diagnostics had been carried out to see if there was a fault with the van present or developing at the point of supply. CA Auto said it would be happy to arrange and pay for such diagnostics.

In my provisional decision of 23 June 2025, I set out why I intended to uphold Mr A's complaint but also intended to direct CA Auto to put things right for Mr A in a slightly different way to that recommended by our investigator in her view on his complaint.

Mr A has accepted my provisional decision while CA Auto hasn't responded to it. So Mr A's complaint has now come to me for 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.

I've also considered the relevant law and regulations, any regulator's rules, guidance and standards, any codes of practice, and (if appropriate) what I consider was good industry practice at the time.

CA Auto supplied Mr A with the van under a hire purchase agreement. This is a regulated consumer credit agreement, which means we can look at complaints about its quality against CA Auto.

Having done so, and for the reasons given in my provisional decision, I've decided to uphold Mr A's complaint. In that decision, I said:

"Within 14 days of entering into the hire purchase agreement, it's clear Mr A wanted to cancel it and return the van. I should say here that, by law, Mr A had the right to withdraw from the hire purchase agreement within 14 days, without giving any reason. But Mr A's right to withdraw didn't include the right to cancel the whole arrangement and return the van. It gave Mr A the right to withdraw from the finance only – for example, if he'd decided he could pay for the van in some other way, such as through savings or another loan.

To be able to return the van itself, Mr A needed to raise the issues he'd had with it with the dealership and see what it said. Mr A says he did this the day after supply, when the van didn't start. He's said he wants to reject the van because the dealership wouldn't book it in for repairs. More recently, Mr A has also said health issues and other changes in his personal circumstances have added to his reasons for not wanting the van.

Mr A says his original plan had been to use the van for business purposes but that he couldn't because it didn't start. In looking at Mr A's rights, I think The Supply of Goods Implied Terms Act 1973 is relevant. This implies a term that goods are of satisfactory quality when supplied. A van will be of satisfactory quality if it is of a standard that a reasonable person would regard as acceptable, taking into account the age and mileage of the van and the price paid. The quality of goods includes their general state and condition, as well as fitness for purpose, appearance and finish, freedom from minor defects, safety and durability.

So, if I thought the van was faulty when Mr A took possession of it, or that it wasn't sufficiently durable, and this made the van not of satisfactory quality, it'd be fair and reasonable to ask CA Auto to put this right.

In Mr A's case, the van was used and the cash price was £15,588. When Mr A took possession of it, it had covered around 44,552 miles and was about eight years old. I think it's reasonable to expect the van to have some wear because of its age – so I'd have different expectations of it compared to a brand-new van. As with any vehicle, there'll be ongoing maintenance and upkeep costs – parts will naturally wear over time and it's reasonable to expect these may need to be replaced. In used cars, it's more likely parts will need to be replaced sooner or be worn faster than in brand-new cars. So CA Auto wouldn't be responsible for anything that was due to normal wear and tear while the car was in Mr A's possession. But given the age, mileage and price paid, I think it's fair to say a reasonable person wouldn't expect anything significant to be wrong shortly after it was supplied.

Mr A says the van failed to start the day after it was supplied and he was told by the dealership it probably needed a new battery. The dealership has said that, on the day of

supply, the battery was reading 12.4v. I'm not a motor engineer but my research suggests this means at the very least the battery wasn't fully charged – and could also have meant it would soon need to be replaced (which is, of course, what the dealership recommended). More recently, the dealership has also said the battery died because Mr A hadn't been driving the van. But this later statement ignores the fact that Mr A said the van wouldn't start the day after he took delivery of it.

While I accept, as CA Auto has said, that a battery is an item that wears over time, I wouldn't have expected the van to fail to start the day after supply. So, on the limited evidence I have, I think it's more likely than not the van was faulty and wasn't of satisfactory quality when CA Auto supplied it to Mr A.

A fault with the van having been identified, I now need to look at what steps were taken to repair it. I'd expect any repair to a vehicle that wasn't of satisfactory quality to be done within a reasonable time. And replacing a battery is straightforward, so I'd expect it to be done within a very short timeframe. But that's not what happened here. Around three months after reporting the fault, Mr A ended up buying a new battery himself.

I've had to look very carefully at the circumstances (to the extent I know them from the evidence I have) that led to the battery replacement taking so long. That's because Mr A says CA Auto/the dealership refused to take the van in for repairs, while the dealership says the reverse and has described Mr A as "unco-operative". Where information is incomplete, inconsistent or contradictory, as it is here, I must decide what I think, on balance, is most likely to have happened (or not happened).

It's pretty clear the relationship between Mr A and the dealership broke down rapidly after the van was supplied. But, from what I've seen so far, it does seem the dealership was unwilling to recover the van to its workshop in April/May 2024 to replace the battery. I say this because CA Auto's final response letter to Mr A refers to an email (in May 2024) from the dealership to Mr A saying the battery is in the workshop and ready to be collected or delivered to Mr A's home address. Also, later on (in July 2024), the dealership's complaints team says, if Mr A can get the van back to the dealership's workshop, it will replace the battery as a goodwill gesture.

Delivering the battery to Mr A's home address was also discussed early on and I've already referred to the exchange of text messages between Mr A and the dealership about this. But, here again, the testimony is conflicting – Mr A says the dealership didn't give him a delivery date; the dealership says Mr A didn't give it a viable date.

Looking at everything I've seen so far, I haven't seen any evidence that Mr A – who was undoubtedly frustrated by the situation – was "unco-operative", as the dealership describes him. If I did have such evidence, it might alter my views on Mr A's complaint. But, as things stand, I think it's more likely than not the dealership was responsible for the initial delay in replacing the battery. In saying this, I've also borne in mind that, in July 2024, although CA Auto said it was arranging for the van to be collected so the battery could be replaced and diagnostics conducted, this didn't happen. I think it's likely this was because the dealership wouldn't collect the van. And the result was that Mr A ended up buying a new battery himself later in the month.

Mr A wanted to reject the van soon after it was supplied to him and that's the outcome he still wants. From what I've seen so far, because of CA Auto's failure to get the battery replaced and its failure to conduct any diagnostic tests at all, I think the fair and reasonable outcome in the particular circumstances of this complaint is that Mr A should be allowed to reject the van.

So, as things stand, I intend to direct CA Auto to end Mr A's hire purchase agreement with nothing further to pay, collect the van at no further cost to him and refund him his advance payment of £3,000 (plus interest).

Following our investigator's view on his complaint, Mr A asked if he would be reimbursed his monthly payments. From what Mr A says, he wasn't able to drive the van from the time of supply until July 2024. So, based on what I've seen so far, I think it's fair and reasonable to direct CA Auto to reimburse Mr A his payments for these months (plus interest).

We've recently asked Mr A for his current mileage and it seems the van has now done more than 13,000 miles since it was supplied. I don't know over how many months that mileage – which is reasonably significant – has been clocked up (especially bearing in mind the certificate of insurance Mr A has sent us recently only dates from January 2025). But I can only assume Mr A has been using the van since July 2024. I say this because he says the engineer who fitted the battery told him he should move the van regularly to prolong the battery's life. On the basis that Mr A has used the van since July 2024, I don't think it would be fair and reasonable to direct CA Auto to reimburse him for any of his subsequent monthly payments.

I have thought about whether Mr A's more recent use of the van means he's foregone his right to reject it. But Mr A says the van still has other faults, including that he still has to jump start it. And, while Mr A has given us no expert evidence to support his view, I think CA Auto has had ample opportunity to arrange for diagnostic tests to be carried out and has failed to do so. So in these particular circumstances, I think it's fair and reasonable that Mr A retains the right to reject the van.

Mr A says his experiences with CA Auto have caused him financial hardship – he says he's had to borrow money to make his monthly payments – and have also impacted his mental health and caused him significant worry. For the distress and inconvenience of supplying Mr A with a van that wasn't of satisfactory quality, I intend to direct CA Auto to pay Mr A £250 in compensation."

As I've already mentioned, Mr A has accepted my provisional decision while CA Auto hasn't responded to it. In the meantime, I've seen nothing to make me think I should change the conclusions I set out in it.

My final decision

For the reasons given in my provisional decision, which now form part of this final decision, I uphold Mr A's complaint and direct CA Auto Finance UK Ltd to:

- End Mr A's hire purchase agreement with nothing further to pay and collect the van at no further cost to him.
- Refund Mr A's advance payment under the hire purchase agreement of £3,000.
- Refund Mr A his monthly payments under the hire purchase agreement from 19 April 2024 to 20 July 2024.
- Remove any adverse entries relating to the hire purchase agreement from Mr A's credit file.
- Pay Mr A 8% simple yearly interest on all refunded and reimbursed amounts from the date of payment until the date of settlement.*

- Pay Mr A £250 for the distress and inconvenience being supplied with a van of unsatisfactory quality has caused him. CA Auto Finance UK Ltd must pay the compensation within 28 days of the date on which we tell it Mr A accepts my final decision. If it pays later than this, it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.

* If CA Auto Finance UK Ltd considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr A how much it's taken off. It should also give Mr A a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 13 August 2025.

Jane Gallacher
Ombudsman