

The complaint

Mr M complains about the quality of a car he has been financing through an agreement with CA AUTO FINANCE UK LTD (CA).

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mr M took receipt of a used car on 25 September 2024. He financed the deal through a hire purchase agreement with CA. Within 30 days he had problems with the car, there was a noise coming from the engine bay, the Engine Management Light (EML) illuminated, the brakes were squeaking and there was condensation in the headlights.

Mr M complained to CA, but they didn't uphold his complaint. They said that the dealer had been trying to get the car back for some time to inspect the faults and when they had seen it, they hadn't been able to replicate the problems Mr M had reported. An independent inspection was arranged and the inspector decided that there were faults with the car that would have been present or developing when Mr M took receipt of it. When the dealership subsequently wanted to rectify those problems, Mr M referred his complaint to this service. He wanted to reject the car.

Our investigator agreed that there was evidence the car had been supplied in an unsatisfactory condition and he thought CA should now allow Mr M to reject it.

As CA didn't respond the complaint has been referred to me, an ombudsman, to make a 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 know it will disappoint CA, but I agree with our investigator's opinion and for broadly the same reasons. I'll explain why.

Where the information I've got is incomplete, unclear, or contradictory, as some of it is here, I have to base my decision on the balance of probabilities.

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.

Mr M acquired his car under a regulated consumer credit agreement and as a result our service is able to look into complaints about it.

The Consumer Rights Act (2015) is the relevant legislation. It says that the car should have been of satisfactory quality when supplied. If it wasn't then CA, who are also the supplier of the car, are responsible. The relevant law also says the quality of goods is satisfactory if they meet the standard that a reasonable person would consider satisfactory taking into account any description of the goods, the price and all the other relevant circumstances.

In a case like this which involves a car the other relevant circumstances would include things like the age and mileage at the time the car was supplied to Mr M. The car here was about six years old and had already completed almost 95,000 miles.

An old car with a high mileage will not be expected to be as good as a newer car with a low mileage, but it should still be fit for use on the road, in a condition that reflects its age and price.

I think there were faults with this car when it was supplied as the expert independent inspector has confirmed that was the case. He explained that the EML was illuminated during his inspection and that indicated a fault with the NOx sensor, there was a fault with the differential/gearbox that was causing the engine noise, and the brakes squealed excessively. I think those findings were broadly in line with the faults Mr M reported to CA shortly after he took receipt of the car in October 2024: that was also the inspector's opinion.

The relevant legislation allows a consumer to reject a car without allowing the business a right of repair, if there are faults that render the vehicle of unsatisfactory quality and if the consumer asks to do that within 30 days. It seems to me that faults with the gearbox/differential and NOx sensor are not what a reasonable person would expect on a car of this age or even on a car that had completed such significant mileage. In those circumstances, I think CA should have allowed Mr M to reject the car when he first complained about the issues in October 2024.

But even if I'm wrong about that the relevant legislation explains that if the fault occurs within the first six months, we are to assume it was present at the point of supply, when CA were responsible for the car's quality, unless they can demonstrate otherwise. These faults were reported within the first six months, and I don't think CA have provided sufficient evidence to suggest they weren't present when the car was supplied. The relevant legislation would allow CA one opportunity to repair a car in those circumstances, but I think they've already had that opportunity when the dealership failed to identify any issues with the car. So, I think rejection of the car would again be the fairest resolution.

Putting things right

CA should collect the car at no cost to Mr M, and they should end the finance agreement.

They'll need to refund any deposit Mr M has paid and, as he's been deprived of that money, they will need to add interest to that refund.

If Mr M incurs any costs to transfer a cherished plate to a new vehicle it would only be fair to tell CA to refund that money on provision of a receipt as Mr M wouldn't have needed to do that if the car they had supplied had been of satisfactory quality.

Mr M has been inconvenienced by these issues. He's had to take the car to garages on several occasions to have faults diagnosed and has had to arrange to be present during the independent inspection. He's had to cope with the uncertainty of driving a car with known faults and he's also had to escalate his complaint to this service when I think it could have been resolved earlier. In those circumstances CA should pay him £200 in compensation for the distress and inconvenience he's experienced.

Mr M hasn't had full use of the car he was paying for. He's not been able to use it for about a month while faults were being diagnosed and he's had to drive a faulty, noisy car. There were times when I can see a courtesy car was provided to Mr M and that will have limited the loss or impaired use he experienced. On balance, I think a refund of 20% of all instalments made since the start of the agreement would fairly compensate Mr M for the loss or impaired use he experienced.

My final decision

For the reasons I've given above I uphold this complaint and tell CA AUTO FINANCE UK LTD to:

- Allow Mr M to reject the car and end the finance agreement.
- Collect the car at no cost to Mr M.
- Refund any deposit that has been paid and add 8% simple interest* per year from the date of payment to the date of settlement.
- Refund 20% of all finance payments that have been made, in respect of loss of use or impaired use. Add 8% simple interest* per year to the refund from the date of payment to the date of settlement.
- Refund any cost Mr M incurs to transfer his cherished plate on provision of receipts from him.
- Pay Mr M £200 to compensate him for the distress and inconvenience he's experienced.
- Remove any adverse reports they may have made to Mr M's credit file in relation to this issue.

*If HM Revenue & Customs requires the business to take off tax from this interest they must give the consumer a certificate showing how much tax it's taken off if the consumer asks for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 23 September 2025.

Phillip McMahon
Ombudsman