DRN-5731091

The complaint

Mr M complains that a vehicle he acquired via a hire purchase agreement with CA Auto Finance UK Ltd wasn't of satisfactory quality.

What happened

In August 2023 Mr M acquired a used vehicle via a 58-month hire purchase agreement with CA Auto Finance. The vehicle was around seven years old and had a mileage of 73,500.

Mr M experienced problems with the vehicle in December 2023 and took it to a garage where an oil leak was discovered that had caused issues with the intercooler. Mr M arranged and paid for repairs.

Mr M says a short time later there were issues with the vehicle's front brakes which he also had repaired. Mr M says he did raise whether these repairs would be covered by the vehicle's warranty but was told, as he hadn't followed the policy, that he would have to cover the costs himself.

Problems with the vehicle persisted, and so Mr M took the car to a couple of garages to see if the faults could be identified. In May 2024, Mr M says he was informed by a garage that there was a problem with the intercooler which was again due to an oil leak, and it was likely there would be an issue with the turbo. Other faults were also identified with the vehicle's rear brakes and suspension. Mr M hasn't used the vehicle since. The vehicle's mileage was now 88,312.

Mr M complained to CA Auto Finance about the condition of the car and says he didn't find it helpful as it kept referring him to the dealer. CA Auto Finance said there wasn't evidence that the faults with the car had been developing or present at the point the vehicle had been supplied to him.

Mr M arranged to have the vehicle independently inspected. This inspection was undertaken in August 2024 and a report prepared. The engineer identified a number of faults with the vehicle and said it wasn't roadworthy. They reported finding a number of fluid leaks including oil as well as issues with the springs. The engineer recommended that the vehicle was stripped in order for the source of the oil leak to be discovered. Mr M sent the report to CA Auto Finance.

CA Auto Finance said that on reviewing the inspection report, it didn't consider it was wholly responsible for all the repair costs when taking into account the age and mileage of the vehicle. CA Auto Finance said it would offer a £200 contribution to the repairs and, as a gesture of goodwill, compensation amounting to one month's payment under the agreement.

Mr M was unhappy at CA Auto's response and complained to this service. Our investigator recommended that his complaint should be upheld. She said she didn't think CA Auto Finance had acted fairly as the evidence supported that the oil leak was long term and that some of the faults found with the vehicle weren't due to fair wear and tear. She said the vehicle wasn't as durable as would be reasonably expected.

Our investigator said that under the Consumer Rights Act 2015 CA Auto Finance had a right to undertake repairs and that it should now arrange for the oil leak to be investigated and repaired along with the rear brakes, the turbo and springs. She also said that all the payments Mr M had made under the agreement since May 2024 should be reimbursed, as should the £793.94 he'd spent on earlier repairs together with the cost of the independent inspection when Mr M had provided the invoice.

CA Auto Finance agreed with our investigator's view (as did Mr M) and it asked Mr M to find a garage and provide quotes as to the cost of the repairs. It said as the dealer outsourced repairs it would be easier for Mr M to locate a garage.

Mr M struggled to find a repairer as the car wasn't roadworthy and hadn't been driven since May 2024. After managing to find one garage, he contacted CA Auto Finance about moving the matter forward. CA Auto Finance didn't respond to Mr M.

Mr M made contact again with this service and explained CA Auto Finance wasn't responding. Our investigator reached out to CA Auto Finance, and it confirmed it was dealing with Mr M's complaint, however there was then no further contact.

Our investigator noted that in January 2025 CA Auto Finance had agreed with her view but by the end of April 2025 nothing further in terms of the vehicle being repaired had happened. Having given CA Auto Finance a deadline by which to respond, our investigator re-opened Mr M's complaint and issued a second view.

Our investigator recommended that Mr M was now be entitled to reject the vehicle and end the agreement. She said CA Auto Finance had had a reasonable period of time to arrange for the vehicle to be repaired but hadn't done so. She said that in addition to ending the agreement and returning the vehicle, Mr M should still be reimbursed his monthly payments made since May 2024, for the cost of the independent inspection and for the repair costs. Our investigator said that due to the delay in dealing with the matter it was fair for CA Auto Finance to pay Mr M £100 compensation.

Mr M agreed with the view of our investigator, but CA Auto Finance didn't reply. Mr M's complaint has therefore been passed 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.

When looking at this complaint I need to have regard to the relevant law and regulations, but I am not bound by them when I consider what is fair and reasonable.

As the hire purchase agreement entered into by Mr M is a regulated consumer credit agreement, then this service is able to consider complaints relating to it. CA Auto Finance is also the supplier of the goods under this type of agreement and responsible for a complaint about their quality.

Under the Consumer Rights Act 2015 there is an implied term that when goods are supplied the quality of the goods is satisfactory. The relevant law says that the quality of the goods is satisfactory if they meet the standard that a reasonable person would consider satisfactory taking into account any description of the goods, price and all other relevant circumstances.

The relevant law also says that the quality of the goods includes their general state and condition, and other things like their fitness for purpose, appearance and finish, freedom from minor defects, safety, and durability can be aspects of the quality of the goods.

Here the car was around seven years old and had a mileage of about 77,500 so some wear and tear would have been suffered by its components and repair and maintenance issues would be expected to arise after a reasonable period of time. However, looking at the evidence provided by Mr M, I can see that there have been issues with the car since around December 2023 and that there is a longstanding oil leak which has affected other parts, The cause of this leak has yet to be uncovered, and it is a possibility that repairing the vehicle wouldn't be economical. Mr M hasn't been able to use the car since May 2024 due to its condition.

Our investigator said she didn't think the vehicle was of a satisfactory condition at the point of supply to Mr M due to the faults and also its lack of durability. As CA Auto Finance agreed with our investigator's view then I don't have to make my own findings about that, but I haven't seen any evidence that would make me think our investigator's view was unreasonable. As set out above, the vehicle has faults and it's more likely than not that they were developing or present when Mr M acquired the vehicle.

Under the Consumer Rights Act 2015 when a vehicle is found not to be of satisfactory quality then the business has a right of repair if it wishes. Repairs must be carried out within a reasonable time and without significant inconvenience to the consumer. CA Auto Finance agreed for repairs to be explored by Mr M, and it asked for him to arrange for quotes. I think this was a reasonable request since the dealer who supplied the vehicle didn't undertake repairs. However, I also think that Mr M acted reasonably sourcing only one garage, there weren't many garages who were prepared to work on the vehicle in its condition.

As Mr M had managed to find a garage, I think it's reasonable to have expected CA Auto Finance to have assisted Mr M by agreeing for the vehicle to be transported to that garage and for the costs of investigations to be covered and to have acted promptly. I don't know why CA Auto Finance failed to respond to both Mr M and this service, but it is disappointing and this lack of action will have caused Mr M unnecessary inconvenience and distress.

Looking at the chronology of Mr M's complaint I think CA Auto Finance has had more than a reasonable period of time to have had the vehicle inspected and for it to decide if repairs were worthwhile. Having not taken up this opportunity, then I think it's fair and reasonable for Mr M to now reject the vehicle and for the agreement to be ended. I'm therefore upholding Mr M's complaint.

Putting things right

For the reasons set out above I'm upholding Mr M's complaint. I'm asking CA Auto Finance to do the following:

- Collect the car at no cost to Mr M.
- End the agreement with nothing further to pay.
- Reimburse Mr M all the monthly payments he has made under the agreement since May 2024 together with simple yearly interest at the rate of 8% from the date of payment until the date of settlement.
- To reimburse Mr M the cost of the repairs he had carried out amounting to £793.97 together with interest as above.
- To reimburse Mr M the cost of the independent inspection together with interest as

above (once invoice provided).

- Remove any adverse information about this agreement from Mr M’s credit file.

In addition, I agree with our investigator that it’s fair for CA Autos Finance to pay Mr M £100 compensation for the delay in resolving his complaint. This has caused him unnecessary inconvenience and distress.

My final decision

As set out above, I’m upholding Mr M’s complaint. I’m asking CA Auto Finance UK Ltd to do the following:

- Collect the car at no cost to Mr M.

- End the agreement with nothing further to pay.

- Reimburse Mr M all the monthly payments he has made under the agreement since May 2024 together with simple yearly interest at the rate of 8% from the date of payment until the date of settlement.

- To reimburse Mr M the cost of the repairs he had carried out amounting to £793.97 together with interest as above.

- To reimburse Mr M the cost of the independent inspection together with interest as above (once invoice provided).

- Remove any adverse information about this agreement from Mr M’s credit file.

- Pay Mr M £100 compensation for the unnecessary delay in dealing with his complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr M to accept or reject my decision before 01 September 2025.

Jocelyn Griffith
Ombudsman