

## **The complaint**

Mr E is unhappy that a car supplied to him under a conditional sale agreement with Hyundai Capital (UK) Limited t/a Kia Finance (Hyundai) was of an unsatisfactory quality.

When I refer to what Mr E has said and what Hyundai have said, it should also be taken to include things said on their behalf.

## **What happened**

On 31 July 2021 Mr E was supplied with a new electric car through a conditional sale agreement with Hyundai. The total cost of the car was £34,945, with an advanced payment of £14,100, 36 monthly payments of £172.02 and a final payment of £16,292.15.

Mr E has provided a comprehensive timeline of events and I summarise the most pertinent below.

Shortly after receiving the car Mr E experienced issues with the heater and defects with the paintwork. The car was returned to the supplying garage, which I will call L. The car was returned to him without the matters being rectified to his satisfaction.

On 19 October 2021 the car would not open and Mr E had to call the recovery company. There was an issue with the 12v battery and the car was recovered to L. L wished to undertake their own assessment which took two days and they confirmed that a new battery was required and this took a further two days to rectify. No courtesy car was provided.

In December 2021 Mr E complained again about the paintwork. Mr E was not happy with the level of customer service provided and the work was eventually completed by a body shop in January 2022.

On 25 May 2022 the car suffered an issue with removing the charging cable from the car. It took several hours to resolve and several calls.

On 14 July 2022 the car was taken in for its first service, which was successfully completed. At the same time Mr E complained about the heater again. It was booked in for the 30 August 2022, as this was the first time that a courtesy car was available. There were issues with the garage supplying a courtesy car when Mr E went to drop the car with L on the 30 August 2022 and the car eventually went in on the 12 October 2022 for the repair. The car was returned a couple of days later with Mr E not noticing any difference in the performance of the heater.

21 November 2022 the car failed to open again. Mr E had to pay £150 for a recovery service and the car had to be jump started due to a failed battery. The mechanic confirmed that a battery should not fail after a year.

25 November 2022 the car was taken to L to investigate the issues with the battery. They were not able to look at the car until the 28 November 2022, so Mr E took the car back for the weekend and returned it on the 28 November. On 30 November 2022 the car was

returned to Mr E and L stated that as they did not have the expertise, they would need to arrange for another garage to investigate the fault.

3 December 2022 the car failed to start and had to be jump started (the next day). Between 4 and 13 December Mr E chased up L to find out when the other garage could take the car in. On 15 December the other garage made contact with Mr E. They could not fit Mr E in until January, but they arranged for a new battery to be fitted on that day.

The car was eventually taken to the alternative garage on 19 January 2023. On this occasion Mr E did receive a courtesy car. The garage had difficulties in identifying what the issue was. It was finally diagnosed as being a faulty entertainment/radio unit that was draining the battery. The car was eventually returned to Mr E on 1 March 2023.

Mr E suffered further issues with charging the vehicle on 29 June 2023 and 3 July 2023. The car was serviced and had recall work undertaken on the battery coolant level on 7 July 2023.

On 26 January 2024 there were issues again with the electrics and a flat battery that required the car to be rescued by roadside assistance. The test performed on the battery according to the report conducted showed that it had failed. The car was taken to L on 29 January 2024 and returned the same day.

Mr E had primarily been dealing with the supplying garage so on 7 February 2024 he made a formal complaint to Hyundai.

On 13 March 2024 an independent automotive expert examined the car and found faults with the car. These were issues with the heater and the 12v battery charging. One of their conclusions was the following: *It is clear therefore, with all the evidence so far, together with our testing, that in our professional opinion, the faults have been present and developing for a significant period of time, which is very close to or there at purchase, even though that was over two and a half years prior to our inspection.* In coming to this conclusion they referenced the number of issues that Mr E had experienced with the car. This report was emailed to Hyundai on 4 April 2024.

There was a further battery failure on 20 March 2024.

Mr E has attempted to reject the car on 1 and 4 April 2024. On 23 April 2024 Hyundai wrote to Mr E upholding his complaint but not accepting his right to reject. Citing that the complaint was only raised with them in February 2024 they were exercising their right to repair, rather than accepting his rejection. As Mr E had already complained to us and he wasn't happy with this offer he continued with his complaint.

On 22<sup>nd</sup> May 2024 Hyundai informed our investigator that they had made an offer to buy back the car at the value of the original loan (£20,845) plus the cost of the independent report, £300 compensation and 8% simple interest. This offer was passed to Mr E by the investigator the same day.

The investigator fed back to Hyundai that they felt the offer was inadequate. They felt that there was general acceptance the car was not of satisfactory quality. As L had attempted to repair the car unsuccessfully they felt that Mr E had the right to reject the car which would mean he was entitled to a higher compensatory figure taking into account things such as the deposit he paid.

Mr E rejected the offer to our investigator on 25 May 2024. He also highlighted a number of additional costs he had incurred, including things such as roadside recovery, plus the impact

that the faulty car was having on him. He also stated that the car failed again on 14 May 2024.

On 4 May 2025 I issued a provisional decision upholding Mr E's complaint.

The rationale for this decision was set out in the provisional decision as follows:

*Mr E was supplied with a car under a conditional sale agreement. This is a regulated consumer credit agreement which means we are able to investigate complaints about it.*

*The Consumer Rights Act 2015 (CRA) is of particular relevance to this complaint. It says that under a contract to supply goods, there is an implied term that "the quality of the goods is satisfactory". The CRA 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. So it seems likely that in a case involving a car, the other relevant circumstances a court would take into account might include things like the age and mileage at the time of sale and the vehicle's history.*

*The CRA says 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. Where goods are second hand, as in this case, due regard must be had to the price, age and any description applied to the car.*

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

*As stated earlier the age, mileage and price of any vehicle has to be taken into account when deciding what is satisfactory quality. As this car was supplied new then Mr E can justifiably expect the car to be of better quality and more durable than a second-hand car.*

*The first thing is to consider whether there is a fault with the car. The evidence to support any conclusion on this is:*

- The number of times that Mr E has suffered failure and needed to be recovered or have the car jump started. Recovery companies had to be called on 19 October 2021, 21 November 2022 and 26 January 2024*
- The supplying garage had to replace the battery in October 2021 and needing to refer the car to a second garage in late 2022 as they did not have the expertise*
- The second garage having the car for a considerable amount of time in early 2023 and eventually diagnosing as being a faulty entertainment/radio unit that was draining the battery*
- The independent expert report in March 2023 concluding "it is clear therefore, with all the evidence so far, together with our testing, that in our professional opinion, the faults have been present and developing for a significant period of time, which is very close to or there at purchase, even though that was over two and a half years prior to our inspection."*

*Hyundai and the supplying garage have challenged the expert report and the length of time since supply. I will deal with the expert report first. The expert inspector is a well-known expert in the automotive sector, and I have seen them provide reports (both for consumers and businesses) in numerous cases. I have to give standing to evidence provided by independent experts, but this is not the only evidence supplied. It is supported by the car needing to be recovered by breakdown services on three occasions and both the garages having had the car in for repair finding faults.*

*I also note that on 23 April 2024 Hyundai wrote to Mr E upholding his complaint but not accepting his right to reject. Citing that the complaint was only raised with them in February 2024 they were exercising their right to repair, rather than accepting his rejection. So, it appears that Hyundai accept that the car was faulty.*

*I am content therefore, that on the balance of probabilities, the car is faulty.*

*A car being faulty does not necessarily make it of unsatisfactory quality. As I stated above both Hyundai and the supplying garage have referenced the length of time that Mr E has had the car. It needs to be born in mind that Mr E first complained in October 2021 and that was when the first repair was undertaken. As the car suffered further failures a second garage looked at the car in early 2023 and undertook a further repair.*

*Since then there have been several more occasions where the fault has reoccurred and eventually Mr E had an independent expert examine the car. Not only did they conclude that the car was faulty but that the fault would have been present at the time of supply, or shortly after. With the evidence at their disposal the independent expert concluded that there was a clear link between the issues that Mr E had been experiencing with the car. Again, considering this evidence on the balance of probabilities I find that the car is of unsatisfactory quality.*

*Having decided that the car is of unsatisfactory quality I then need to consider whether Mr E has the right to reject the car or if a repair is a fair resolution. Both Hyundai and the supplying garage have challenged the length of time Mr E has had the car and feel that at this point rejection is not a fair outcome. Specifically, Hyundai have stated that as they had received Mr E's complaint in February 2024 they wished to repair the car. However, I need to look at the timeline as a whole and not just when Mr E first raised his complaint with Hyundai.*

*Mr E first raised his complaint with the supplying garage in October 2021, roughly three months after supply, and the car had experienced a number of problems since that time. This resulted in the formal complaint to Hyundai in February 2024 and the independent expert examination in March 2024, that concluded that the faults would have been present at time of supply or shortly after. It is at this stage that Mr E looked to exercise his right to rejection.*

*Whilst Mr E first made Hyundai aware of the fault in February 2024 he did raise the issue on several occasions with the supplying garage, starting with three months of supply. There have already been attempts to repair the car but these have proven unsuccessful. Because of the length of time that Mr E has been trying to resolve the matter through accepting repairs I believe that on a fair and reasonable basis he should be allowed to reject the car. The ultimate right to reject once a business has had chance to repair is not time bound, although in deciding what the appropriate remedy is the usage Mr E has had will be taken into account.*

*I therefore uphold Mr E's complaint and find that he does have the right to reject.*

*Having decided this I need to consider what Hyundai need to do to put things right.*

*The first thing is that they need to collect the car with nothing further for Mr E to pay either in terms of the balloon payment, which became due in August 2024, but I understand wasn't paid, or for the actual collection. Mr E is also entitled to his deposit back – this is the cash deposit and part-exchange elements, not the grant payment.*

*In terms of any refund for the impaired usage our investigator suggested a refund of 15% of the monthly payments as being fair. Taking into account that Mr E has had usage of the car and at times a courtesy car I feel that this represents a reasonable amount.*

*Our investigator identified additional costs that Mr E had incurred of £317.57 because of things such as recovery and charging cables. He also directed that Hyundai refund the cost of the expert examination. It is only right that Hyundai does refund these.*

*I also need to consider has Mr E been put to additional expense since the investigator issued their draft decision. My understanding is that Mr E has not had use of the car since August 2024 and it has been on his drive. Mr E did need to get the car serviced and an MOT, this was at a cost of £512.87. As Mr E has had no use of the car after this service, I feel it is right that this amount is also refunded. With regards the £487.67 that Mr E paid for insurance I do believe that as he hasn't had use of the car for some time then it is right that this is refunded.*

*In considering whether Mr E is due any additional payment due to the distress caused by the faulty car our investigator suggested a sum of £500. Taking into account the evidence at the time in relation to the number of times the car has either had to be recovered or jump started, and the associated impact of this, £500 seems a reasonable amount; especially since the investigator issued their opinion the car has been left on Mr E's drive. Mr E has not been able to afford another car partly because of the money tied up in this car and the impact this agreement has had on his credit file.*

*For the sake of clarity, I have come to my decision on the basis of the issues with the battery. The complaints about the heating and paintwork, whilst an issue, would not make the car of unsatisfactory quality.*

#### *Putting things right*

*I provisionally uphold Mr E's complaint and direct Hyundai to do the following to put things right:*

- End the agreement with nothing further to pay by Mr E*
- Collect the car with nothing further to pay by Mr E*
- Refund Mr E his deposit contribution of £10,600*
- Refund 15% of the monthly payments in recognition of impaired usage*
- Refund £317.57 for additional expenses incurred by Mr E due to the faulty car as set out by the investigator*
- Refund £512.87 paid for the service and MOT*
- Refund £487.67 to cover the car insurance payment*
- Refund the cost of the independent report, namely £288*
- Pay 8% simple interest per year on all refunds from the date of payment to the date of settlement*
- Pay an additional sum of £500 due to the distress caused by the faulty car*
- Remove any adverse information from Mr E's credit file in relation to this agreement*

Both parties accepted the decision.

Mr E subsequently contacted us as Hyundai had not complied with the provisional decision. This was raised with Hyundai by our investigator and on 25 July 2025 they paid Mr E £16,077.30 in respect of the various refunds and £500 compensation. Mr E believed that the total sum should be £16,131.73 for the refunds and £500 compensation. He also informed

us that there was still adverse information on his credit file relating to missed payments between September 2024 and June 2025.

On 26 July 2025 our investigator contacted Hyundai to ask them to provide confirmation that the agreement had been unwound, payments made and information reported to Mr E's credit file. Mr E had also raised with Hyundai the discrepancy in figures and the adverse information still on his credit file.

On 12 August 2025 we received a response from Hyundai that simply stated that Mr E's payments were raised on 25 July 2025.

### **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.

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.

I went into detail when setting out the rationale for upholding Mr E's complaint when I issued my provisional decision. That rationale is set out above. As this was accepted by both parties there is no need to restate that reasoning again.

The question is whether Hyundai have complied with my directions as to what they needed to do to put things right.

On 25 July 2025 Hyundai paid Mr E a total of £16,077.30 for refunds (including the interest payment) and £500 compensation. Mr E believes that this figure should be £16,131.73 plus £500 compensation. Our investigator did ask for evidence that my directions had been carried out. They replied with a simple statement that Mr E's payments were raised on 25 July 2025. On the other hand, Mr E has provided a detailed breakdown of how he has calculated his sum. Given that the difference between the two figures is minimal, £54.43, and in the absence of any detailed breakdown from Hyundai I am happy to accept that Mr E's calculations are correct on the balance of probabilities.

The second element that Mr E has stated that has not been complied with is the removal of adverse information from his credit file. This does, and will continue to, have a negative impact on his ability to obtain credit. It is clear from my provisional decision that I required Hyundai to remove any adverse information from Mr E's credit file. If they have not already done so, they should do so without delay.

Given the above I do not believe that my provisional decision has been complied with and therefore uphold Mr E's complaint.

### **Putting things right**

I uphold Mr E's complaint against Hyundai and to put things right they need to:

- Pay Mr E £54.43 to match his calculated refund plus interest figure,
- Ensure that all adverse information in relation to this agreement is removed from Mr E's file.

**My final decision**

My decision is that I uphold this complaint against Hyundai Capital (UK) Limited. In order to settle this case they are directed to follow the redress above

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 8 October 2025.

Leon Livermore  
**Ombudsman**