

The complaint

Miss H complains about the balance owing under a hire purchase agreement she has with CA Auto Finance UK Ltd ('CAAF').

What happened

In March 2023, Miss H took out a hire purchase agreement with CAAF to acquire a used car. The cash price of the car was around £20,000 and after paying a deposit, Miss H was required to make monthly payments of about £320 over a four year period. At the end of the agreement, Miss H could then choose to pay the remaining balance and keep it.

Around a nine months later Miss H says she approached the dealer, who I'll call 'X', that had sold her the car. She says contacted X to get a different vehicle. Miss H goes on to say that X told her they had arranged to pay the balance of the agreement with CAAF. This then left her free to take out further finance with another lender, to get the different vehicle. Miss H also says X provided her with a letter from CAAF to confirm the balance of the agreement had been paid.

Over the following months, CAAF continued to collect repayments from Miss H. So, Miss H raised her concerns with X, who told her they were still trying to sort things out with CAAF. Eventually, Miss H says X stopped answering her calls, so she contacted CAAF to complain.

In their final response to Miss H's complaint, CAAF said the hire purchase agreement hadn't been settled and they were trying to locate the car Miss H had given to X. They said X wasn't the dealer connected to the hire purchase agreement and the settlement letter wasn't genuine. So, CAAF said Miss H needed to take her dispute elsewhere. CAAF also explained to Miss H that it was her responsibility to make sure the borrowing with them was repaid. Miss H didn't accept CAAF's response and brought her complaint to this service.

One of our investigators looked into Miss H's complaint and found that CAAF had treated Miss H fairly. She couldn't see that X was involved in the hire purchase agreement with CAAF, so didn't think CAAF were responsible for X's actions. However, the investigator reminded CAAF that they should help with any police enquiries and to try and retrieve the car. Overall though, the investigator found that it was fair for CAAF to hold Miss H responsible for the repayments due under the agreement.

Miss H didn't agree with the investigator's conclusions and said she had done all she could to report things to CAAF and the police. She also says she's been the victim of fraud by X and CAAF were forcing her to make payments that she couldn't afford.

The investigator didn't change her conclusions and Miss H's complaint has now been passed to me to make 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.

This case is about a hire purchase agreement in Miss H's name taken out with CAAF, which is a regulated financial product. As such, we are able to consider complaints about it.

I want to acknowledge where I've summarised the events of Miss H's complaint. I don't intend any discourtesy by this, as it just reflects the informal nature of our service. I'm required to decide matters quickly and with minimum formality. But, I want to assure Miss H and CAAF that I've reviewed everything on file. And if I don't comment on something, it's not because I haven't considered it. It's because I've concentrated on what I think are the key issues. Our powers allow me to do this.

I also want to point out that where the evidence is incomplete or inconclusive, I reach my decision on the balance of probabilities. In other words, what I consider is most likely to have happened in the light of the available evidence and the wider circumstances.

From looking at all the correspondence, I can see where the hire purchase agreement in Miss H's name wasn't settled when she gave the car to X in January 2024. Furthermore, I cannot see where X showed Miss H that they had transferred funds to CAAF, despite her asking for proof it had been done. There also seems to have been an acceptance from Miss H, that X would pay her funds to cover the monthly repayments under the agreement, until X managed to sell the car.

With this in mind, I can understand why CAAF says the settlement letter Miss H says she was given by X, is unlikely to be genuine. Throughout her case, Miss H has said that it was X that has caused all the problems with the settlement of the agreement. So, it seems the crux of Miss H's complaint is about CAAF's responsibility for X not selling the car and paying them the proceeds. Against this background, I've gone on to consider if it's fair for CAAF to be held to account for X's actions.

Miss H has told us that X was the dealer she bought the car from in March 2023. So, she says it was reasonable of her to hand the car back to X, when she wanted to part exchange the car and get a different vehicle. I've looked carefully at the hire purchase agreement Miss H took out with CAAF. Having done so, I cannot see that X was the credit intermediary, or the dealer named. Additionally, I can see from CAAF's evidence, that the dealer named on the agreement, says they haven't ever had any involvement with X.

I do not doubt Miss H's version of events and I acknowledge where she says she's now left with an agreement that she wanted settled. But, after thinking about the hire purchase agreement with CAAF, I'm not persuaded X acted as an agent of CAAF, when she acquired the car in March 2023. Therefore, I don't think it would be fair to find that CAAF should be responsible for X's actions, when Miss H gave the vehicle to X nine months later.

While I've not found in Miss H's favour here, I'm aware that X is named on the agreement she has with the subsequent lender. So, Miss H may be able to make enquires with her other lender, as to the impact of X's actions on how her other agreement started. To be clear, I make no finding about her other agreement with the separate lender in this decision.

Having considered everything, I'm not persuaded that CAAF have treated Miss H unfairly, by reaching the conclusion that Miss H remains responsible for hire purchase agreement. I acknowledge that Miss H says CAAF have forced her to make repayments. But, after looking at all the evidence, I cannot see where CAAF have requested payment from her in an unreasonable way.

That said, I do empathise with Miss H's circumstances and recognise my findings mean a

balance remains owed by her to CAAF. In this instance, I remind CAAF of their responsibility to treat Miss H's current financial circumstances with due consideration and forbearance. This will mean working with Miss H to make sure she is able to make affordable repayments to any outstanding debt, if she's unable to keep up with the existing repayment schedule.

I'm also aware that under the hire purchase agreement, the car remains CAAF's asset. So, I think it's reasonable they would want to locate it. Therefore, I further remind CAAF to treat Miss H fairly in their efforts to recover the car. Indeed, it seems CAAF may have recently located the car. So, I leave it to Miss H and her contact at the police, to talk to CAAF to decide the next appropriate step.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 6 January 2026.

Sam Wedderburn
Ombudsman