

The complaint

Mr D complains that a car that was supplied to him under a personal contract purchase agreement with CA Auto Finance Limited wasn't of satisfactory quality.

What happened

A used car was supplied to Mr D under a finance agreement with CA Auto Finance that he electronically signed in September 2024. The price of the car was £12,447 and the agreement also included £1,000 of negative equity, so the amount of credit provided to Mr D was £13,447. Mr D agreed to make 42 monthly payments of £300.15 and a final payment of £4,985 to CA Auto Finance.

There were issues with the car and Mr D says that he had to take it back to the dealer at least five times for repairs. He complained to CA Auto Finance about the car in January 2025 and said that he wanted to reject it. CA Auto Finance arranged for the car to be inspected by an independent expert and then said that it wouldn't be able to accept his request for rejection as the car was operating as expected which would indicate that previously agreed repairs had been successfully carried out. As a gesture of goodwill, and with no admission of liability, it offered Mr D compensation of £150 for any distress and inconvenience experienced.

Mr D wasn't satisfied with its response so complained to this service. His complaint was looked at by one of this service's investigators who, having considered everything, thought that it should be upheld. He said that there were multiple issues with the glow plugs in the time that the car had been in Mr D's possession and he didn't think that the car was of satisfactory quality at the point of supply. He recommended that CA Auto Finance should: end the agreement and collect the car, refund the payments made from February 2025, offset by the negative equity, but with interest; remove any adverse information from Mr D's credit file in relation to the agreement; and pay him the offered compensation of £150, if it hadn't already been paid.

CA Auto Finance didn't accept the investigator's recommendation and has asked for this complaint to be considered by an ombudsman. It says that the inspection report confirmed that the car is currently in working order which means that the repairs were previously authorised by Mr D and the authorised repairs were successful with no indication of a failed repair, so he doesn't have a right to reject the car.

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.

CA Auto Finance, as the supplier of the car, was responsible for ensuring that it was of satisfactory quality when it was supplied to Mr D. Whether or not it was of satisfactory quality at that time will depend on a number of factors, including the age and mileage of the car and

the price that was paid for it. The car that was supplied to Mr D was first registered in September 2019 so was five years old, it had been driven for 69,000 miles and the price of the car was £12,447. Satisfactory quality also covers durability which means that the components within the car must be durable and last a reasonable amount of time, but exactly how long that time is will depend on a number of factors.

The car was supplied to Mr D in September 2024 and I can see that it went back to the dealer in November 2024 because of issues with it. The dealer's notes history shows that two of the car's glow plugs were replaced. Mr D has provided a copy of a breakdown report from January 2025 which says that there were then error codes with all four glow plugs. Mr D says that he returned to the dealer and said that he wanted to reject the car but it didn't accept his rejection of it. He also says that it replaced the glow plugs.

Mr D complained to CA Auto Finance and it arranged for the car to be inspected by an independent expert in February 2025. The inspection reports records the car's mileage as 73,899 miles and says: *"There are no current faults present on the vehicle ... It is likely that the glow plug fault would have been developing at the point of sale, but would not have suddenly failed ... I can confirm on the vehicle being of current satisfactory quality"*.

I consider it to be more likely than not that Mr D accepted the replacement of the glow plugs as a repair of the car in November 2024 but that repair failed as the glow plugs needed to be replaced in January 2025 and that Mr D didn't accept another repair as he said that he wanted to reject the car. The inspection report says that it's likely that the glow plug fault would have been developing when the car was supplied to Mr D. I consider it to be more likely than not that there was a developing fault with the car's glow plugs in September 2024 when the car was supplied to Mr D and that that fault caused the car not to have been of satisfactory quality at that time. That fault was repaired but the fault reoccurred so I find that it would be fair and reasonable in these circumstances for CA Auto Finance to allow Mr D to reject the car and to take the actions described below.

Putting things right

I find that it would be fair and reasonable for CA Auto Finance to end the personal contract purchase agreement and arrange for the car to be collected from Mr D, both at no cost to him. Mr D was able to use the car and was provided with a courtesy car when his car was being repaired, but I consider that his request to reject the car should have been accepted in January 2025 so I don't consider that he should have made any payments under the finance agreement after then. I find that it would be fair and reasonable for CA Auto Finance to refund to Mr D any monthly payments that he's made under the finance agreement for the period since he complained to CA Auto Finance in January 2025, and to pay interest on the amounts to be refunded.

These events will have caused distress and inconvenience for Mr D. In its final response letter to him, CA Auto Finance offered Mr D compensation of £150 for any distress and inconvenience experienced. I consider £150 to be fair and reasonable compensation for the distress and inconvenience that Mr D has been caused so, if CA Auto Finance hasn't paid that compensation to Mr D, I find that it should now do so.

The finance agreement includes £1,000 of negative equity and I consider that it's fair and reasonable for Mr D to be required to pay that amount to CA Auto Finance. CA Auto Finance should calculate the total amount to be paid to Mr D as described above. If that totals more than £1,000 it should pay the amount in excess of £1,000 to Mr D. If it totals less £1,000, it should agree an affordable repayment arrangement with Mr D for the amount that he owes it.

The investigator said that CA Auto Finance should remove any adverse information from Mr D's credit file in relation to the agreement. I've seen no evidence to show that CA Auto Finance has reported any adverse information about the finance agreement to the credit reference agencies but, if it has done so, I agree that the information should be removed from Mr D's credit file.

My final decision

My decision is that I uphold Mr D's complaint and order CA Auto Finance UK Limited to:

1. End the personal contract purchase agreement and arrange for the car to be collected from Mr D, both at no cost to him.
2. Refund to Mr D the monthly payments that he's made under the agreement for the period since he complained to CA Auto Finance in January 2025.
3. Pay interest on the amounts to be refunded at an annual rate of 8% simple from the date of each payment to the date of settlement.
4. Pay to Mr D the compensation of £150 that it offered to him, if it hasn't already made that payment to him.
5. Deal with the £1,000 negative equity under the finance agreement as I've described above.
6. Ensure that any adverse information about the finance agreement that it's reported to the credit reference agencies is removed from Mr D's credit file.

HM Revenue & Customs requires CA Auto Finance to deduct tax from the interest payment referred to above. CA Auto Finance must give Mr D a certificate showing how much tax it's deducted if he asks it for one.

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

Jarrold Hastings

Ombudsman