

The complaint

Mr H complains that CA Auto Finance UK Limited has terminated the hire purchase agreement under which a car was supplied to him and hasn't treated him fairly.

What happened

A used car was supplied to Mr H in March 2024 under a hire purchase agreement with CA Auto Finance. The price of the car was £26,990, Mr H made an advance payment of £1,000 and he agreed to make 59 monthly payments of £592.38 and a final payment of £602.38 to CA Auto Finance. Mr H didn't make the payment that was due in May 2024 and he stopped making payments in August 2024. CA Auto Finance sent Mr H a termination notice in January 2025 and the agreement was then terminated.

Mr H complained to CA Auto Finance in February 2025 about the termination but it didn't uphold his complaint. It said that multiple communications were sent to notify him of his account status, he stated that he would make a payment in December 2024 but the payment wasn't received and he didn't specify the amount that he intended to pay, and over the period the car was in his possession, only five contractual payments were made. It said that a payment arrangement could no longer be discussed.

Mr H 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, didn't recommend that it should be upheld. She found that CA Auto Finance had acted fairly and in line with the terms of the contract when it decided to terminate the agreement.

Mr H didn't accept the investigator's recommendation and has asked for his complaint to be considered by an ombudsman. He says that CA Auto Finance didn't handle the situation fairly and denied receiving his complaint, used threatening and unnecessary tactics, ignored a reasonable attempt to resolve the arrears and didn't treat him with the care and understanding expected when someone is in financial difficulty. He also says that it hasn't complied with its legal and regulatory responsibilities.

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.

Mr H had agreed in the hire purchase agreement to make monthly payments of £592.38 to CA Auto Finance. He didn't make the payment that was due in May 2024 and he told CA Auto Finance that he'd been a victim of fraud. It says that it updated Mr H's bank details and removed a late payment fee of £18, and that Mr H made a card payment to bring his account up to date.

CA Auto Finance says that it was unable to collect the payment that was due in August 2024 by direct debit and Mr H made that payment in September 2024 but that no further payment was received from him. It has listed the attempts that it made to speak with Mr H about his payments and has provided copies of missed direct debit letters that were sent to him in August and September 2024, notices of default sums that were sent to him in August, September, October, November and December 2024 and January 2025 and a notice of sums in arrears that was sent to him in November 2024.

The notice of sums in arrears said: *"... you are behind with your payments under the agreement by £1,220.76. Please call us as soon as possible to discuss your agreement or for more information on the payments that we have not received"*. Mr H sent an email to CA Auto Finance in December 2024 which said: *"Please may I request for this deadline to be extended. Due to being a victim of fraud case it has been very difficult for me to manage my expenses. I am expecting to get back to normal very soon. I can make a payment by Thursday 19 December"*.

CA Auto Finance replied to Mr H and said: *"Your account has been noted that you will make payment on the 19th December. The arrears balance on the account currently stands as £2,441.52 (including late payment fees of £72). Please can you confirm how much you will be paying"*. CA Auto Finance says that no payment was made by Mr H on 19 December 2024 and no further payment was received from him.

CA Auto Finance account notes show that it phoned Mr H in January 2025 and left a voicemail message for him, but the expected payment hadn't been received, the notice hadn't been satisfied and it was unable to confirm that the car was insured, taxed and had a valid MOT certificate so the decision was taken to terminate the agreement. A termination notice was sent to Mr H at the end of January 2025 which said: *"Due to the arrears on this agreement, we are issuing a Notice of Termination to you. We are asking you to pay us the outstanding amount of £32,590.90 or return of the vehicle to us"*.

Mr H says that he sent CA Auto Finance a request to arrange payment but it said that it was unable to offer an arrangement plan and said that he should contact its legal team. Mr H complained to CA Auto Finance in February 2025, it responded to his complaint later that month and he complained to this service in March 2025.

Mr H had told CA Auto Finance when the May 2024 payment hadn't been made that he'd been the victim of a fraud and it updated his bank details and removed a late payment fee of £18. Mr H also told it in December 2024 that due to being a victim of fraud case it had been very difficult for him to manage his expenses but said that he was expecting to get back to normal very soon. Despite the phone calls to him and the letters that it sent to him I've seen no evidence to show that Mr H told CA Auto Finance that he couldn't afford the payments under the hire purchase agreement, that he asked it for a reduced payment arrangement or that he provided it with information about his income and expenditure.

The notice of sums in arrears that was sent to Mr H in November 2024 said that an information sheet on arrears prepared by the Financial Conduct Authority containing important information about his rights and where to go for support and advice on dealing with his debt was included (and if it wasn't included he should contact CA Auto Finance to get it). It also said that he should contact CA Auto Finance on the number provided to discuss his agreement.

Mr H hadn't made the payments required under the hire purchase agreement to CA Auto Finance but continued to have the car, he hadn't properly responded to the notices that CA Auto Finance sent him, and when he asked for an extension of time to pay it accepted it but he didn't make the payment that he'd said he would. I consider that it was fair and reasonable in these circumstances for CA Auto Finance to conclude that there was no reasonable prospect of Mr H making the payments due under the hire purchase agreement and terminating the agreement. After the notice of termination was sent to Mr H, the only options available to him were to pay the specified amount or to return the car. I don't consider that CA Auto Finance acted unfairly or unreasonably when it then declined his offer to make a payment and I'm not persuaded that it has failed to comply with its legal and regulatory responsibilities. .

Mr H says that the collection agent instructed by CA Auto Finance told him multiple times that CA Auto Finance hadn't received any notification from this service about his complaint and that while his complaint was with this service he received emails from the collection agent saying that because it hadn't found the car, it would be reported as stolen to the police. Mr H's complaint is about CA Auto Finance, not its collection agent, and I'm only able to consider in this decision issues about which Mr H has already complained to CA Auto Finance. As the issues to which Mr H has referred took place after he'd referred his complaint to this service, I'm unable to consider those issues in this decision.

Mr H clearly feels very strongly that he hasn't been treated fairly by CA Auto Finance so I appreciate that my decision will be disappointing as I don't consider that CA Auto Finance has acted incorrectly in its dealings with him about the hire purchase agreement. I find that it wouldn't be fair or reasonable in these circumstances for me to require CA Auto Finance to take any action in response to Mr H's complaint.

My final decision

My decision is that I don't uphold Mr H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 14 October 2025.

Jarrold Hastings
Ombudsman