

The complaint

Mr W complains that a bike supplied to him under a hire purchase agreement with CA AUTO FINANCE UK LTD (CA) was of unsatisfactory quality.

What happened

In July 2024, Mr W was supplied with a used bike through a hire purchase agreement with CA. The cash price of the bike was £2,491 and he paid an advance payment of £100. The amount of credit was for £2,391 and the duration of the agreement was 60 months; with 59 monthly payments of £53.30 and a final payment of £63.30.

In October 2024, Mr W reported faults with the ECU and wire harness. Repairs were completed in December 2024 and CA offered him £100 compensation for the inconvenience caused.

Once repaired, Mr W held the bike in storage until he went to sell it in March 2025. At this point, the engine management light (EML) was illuminated and the bike wouldn't start. It was again returned to the dealership for inspection, which found the fault was due to corrosion on the ignition switch. The dealership said this wasn't linked to the previous faults and was due to poor storage of the bike.

Our Investigator reviewed matters and didn't think the most recent fault was present or developing at point of supply. However, they were satisfied the faults found in October 2024 were, and therefore the bike was of unsatisfactory quality when it was supplied. They agreed repair was a fair remedy, but didn't think CA had done enough to put things right for Mr W. They thought the compensation offer was fair, but CA should also refund some of Mr W's payments to reflect loss of use while the bike was being repaired. They also said CA should refund the amount Mr W paid for diagnostic testing.

CA didn't respond. As no agreement has been reached, the matter has been passed to me to decide.

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.

I think it's important to firstly explain I've read and taken into account all of the information provided by both parties, in reaching my decision. If I've not reflected something that's been said it's not because I didn't see it, it's because I didn't deem it relevant to the crux of the complaint. This isn't intended as a discourtesy to either party, but merely to reflect my informal role in deciding what a reasonable outcome is. Where evidence has been incomplete or contradictory, I've reached my view on the balance of probabilities – what I think is most likely to have happened given the available evidence and wider circumstances.

In considering this complaint I've taken into account 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.

Mr W was supplied with a bike under a hire purchase agreement. This is a regulated consumer credit agreement which means we are able to investigate complaints about it.

The Consumer Rights Act 2015 (CRA) covers agreements such as the one Mr W entered into. Under this agreement, there is an implied term that the goods supplied will be of satisfactory quality. The CRA says that goods will be considered of satisfactory quality where they meet the standard that a reasonable person would consider satisfactory – taking into account the description of the goods, the price paid, and other relevant circumstances. In this case those relevant circumstances include, but are not limited to, the age, mileage and cash price of the bike at the point of supply. 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.

In this case, the bike was around six years old when it was supplied to Mr W. I haven't seen anything that confirms the mileage at the time, but the MOT history shows it had travelled 2,578 miles shortly before Mr W acquired it. I think a reasonable person would expect a bike of this age to have some level of wear and tear, but I wouldn't expect the bike to be supplied with any significant faults, and I'd expect it to be reasonably safe and durable at the point of supply.

Under the CRA, it's assumed that any faults reported within the first six months of the agreement were present or developing at the point of supply – unless there's evidence to suggest otherwise. Outside of the first six months, the same assumption doesn't apply.

In Mr W's case, the ECU and wire harness faults were found around three months after he acquired the bike. I consider these to be significant faults impacting the driveability of the bike, which I wouldn't expect to occur so soon after supply. It doesn't seem to be in dispute that these faults were present or developing at point of supply, or that the bike was of unsatisfactory quality. Repairs were carried out, and Mr W was offered compensation for the inconvenience.

In March 2025, the bike wouldn't start. I've not seen any mechanical evidence of the fault. However, the dealership confirmed Mr W had stored the bike on his drive in the elements since it was returned to him in December 2024, which had caused corrosion on the ignition switch.

While Mr W has continued to pursue rejection of the bike, I haven't seen that he's disputed the findings of the dealership. I've also not been presented with any evidence that contradicts the dealership's findings and persuades me that the previous repairs failed, or that the later issue with the bike not starting was due to a fault that would render the bike of unsatisfactory quality when it was supplied to Mr W. So, on balance, I think it's more likely than not to be the result of storage related wear and tear while in Mr W's possession.

In summary, I find the ECU and wire harness faults made the car of unsatisfactory quality and CA need to do more to put things right for Mr W, which I'll go on to address below. But I don't find the later issue reported was linked to these faults, or that it also made the car of unsatisfactory quality. I consider the later fault to be a separate issue that was more likely than not caused by external factors while in Mr W's possession. So, I won't be asking CA to cover the cost of the further repairs or allow rejection of the bike.

Putting things right

As the bike was of unsatisfactory quality when it was supplied to Mr W, due to the ECU and wire harness faults, I've next considered what CA should do to put things right.

Outside of the first 30 days of the agreement (during which Mr W had a short time right to rejection), the CRA says a consumer has a right to reject if the goods do not conform to contract after one repair or replacement. It also says where a consumer requires the trader to repair or replace the goods, this must be done within a reasonable time and without significant inconvenience.

Here, the dealership carried out repairs to the initial faults, which I find to be a reasonable remedy in the circumstances of this complaint. However, I note it took them around two months to do so.

While the bike was being repaired, Mr W was paying for goods that he couldn't use. As the bike was off the road due to it being of an unsatisfactory quality, and CA failed to keep him mobile with a courtesy vehicle, it should refund the payments he made during this time to reflect loss of use.

Mr W also had the bike inspected prior to it being returned to the dealership for repairs in October 2024. CA should refund the amount Mr W paid for diagnostic testing if it hasn't already done so.

Interest should be added on all refunded amounts, calculated at 8% simple per year from the date of payment until the date of settlement.

I've considered that Mr W was inconvenienced by the issues he experienced with the bike and he had to take it for diagnostics and repairs. Having carefully considered the offer made by CA within its final response, and the overall circumstances of this complaint, I'm satisfied its offer of £100 compensation is reasonable - and within our award ranges for situations such as this. This amount has already been paid to Mr W, so I won't be asking CA to pay any further compensation.

I'm satisfied there is insufficient evidence to demonstrate the issue Mr W experienced with the bike in March 2025 was the result of failed repairs, or itself would render it of unsatisfactory quality when it was supplied. So, I don't find CA is responsible for any impact or costs resulting from this fault. For the reasons I've explained, I don't think CA need to do anything more than what I've set out above.

My final decision

For the reasons set out above, my final decision is that I uphold Mr W's complaint about CA AUTO FINANCE UK LTD and direct them to:

- Refund two monthly payments made by Mr W from October to December 2024, to reflect loss of use.
- Refund the amount Mr W paid for diagnostic testing, if this hasn't already been refunded.
- Pay 8% simple yearly interest on the refunded amounts from the date of payment until the date of settlement†.

†If CA considers that tax should be deducted from the interest element of my award, it should provide Mr W with a certificate showing how much it has taken off so he can reclaim that amount, if he is eligible to do so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 16 January 2026.

Nicola Bastin
Ombudsman