

The complaint

Mr A complains about the quality of a car he was supplied with by Creation Consumer Finance Ltd ("Creation").

What happened

Mr A entered into a hire purchase agreement with Creation on 26 March 2025 for the supply of a new car. On 14 April 2025, he contacted the supplying dealer to say he had safety concerns with the vehicle and wanted to reject the car. At some point by May 2025, he also raised the complaint with Creation.

While we've seen only limited information about the faults, it seems there were concerns with the adaptive cruise control system, lane keeping assistance function, and other undetailed concerns regarding safety. The car was left at the supplying dealership.

Creation hadn't responded to Mr A's complaint after eight weeks, so he brought it to our service in July 2025. Before we had had chance to investigate, Creation issued a final response letter (FRL) in August 2025 upholding the complaint and agreeing to a rejection of the vehicle. They said that whilst any safety issues had been checked and were working fine now, the digital radio fault still wasn't fixed, so they supported his rejection. However, no details appear to have been provided by Creation with regards to redress or refunds, so an Investigator here continued to issue an opinion.

The investigator said that as both parties appeared to have agreed the car was of unsatisfactory quality, they wouldn't investigate this any further but laid out what they felt was fair redress in the circumstances. This included refund of Mr A's deposit, £200 for his distress and inconvenience and a refund of a parking permit cancellation charge.

Mr A didn't accept this and asked for an Ombudsman to make a final decision. He said that the calculations used were wrong, arguing that the car he had part exchanged was worth more than the value he was provided for it as a deposit, so he should get a larger refund. He said that he should be refunded car hire costs for the time since 14 April 2025 when he rejected the car, and also his insurance costs and a higher payment for the distress and inconvenience.

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.

Having done so, I've reached the same overall conclusions as the investigator, and for broadly the same reasons. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome. 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 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. Mr A was supplied with a car under a hire purchase agreement. This is a regulated consumer credit agreement which means we're able to investigate complaints about it.

The Consumer Rights Act 2015 ('CRA') says, amongst other things, that the car should've been of a satisfactory quality when supplied. And if it wasn't, as the supplier of goods, Creation are responsible. What's satisfactory is determined by things such as what a reasonable person would consider satisfactory given the price, description, and other relevant circumstances. In a case like this, this would include things like the age and mileage at the time of sale, and the vehicle's history and its durability.

The CRA also implies that goods must conform to contract within the first six months. So, where a fault is identified within the first six months, it's assumed the fault was present when the car was supplied, unless Creation can show otherwise.

Mr A has made a very legal heavy argument, so I'd just remind him at this point that if he doesn't agree with this final decision, he retains the option to reject my final decision and take the case to court. I don't intend to reference all the precedents and legal argument he's made, as we have a well-established method for dealing with these types of complaints, and fundamentally, we are designed to be a quick and informal service. Unfortunately, due to delays and arguments by all parties here, this hasn't been a quick process, but I am satisfied after reaching out to both parties that this final decision is fair.

I reached out to Mr A and to Creation to clarify what had been done or proposed about Mr A's monthly rentals. Mr A confirmed he had continued to pay them through to September 2025 despite the car having been taken back by the supplying dealer, but he then stopped paying them and said that Creation had defaulted his agreement due to him stopping paying for it, despite him not having the car and them having agreed to a rejection. Mr A also confirmed he did not know Creation's plans for the monthly payments and had not had any refunds from them for anything to this point.

Mr A supplied his credit file at my request, and it would seem Creation are reporting missed payments, not a default. But clearly this is still unfair. Creation responded to me to confirm that they would intend to refund Mr A's monthly payments back to the date he asked to reject the car, 14 April 2025.

As such, I am satisfied I can proceed to this final decision. The information provided about the actual problems with the car has been surprisingly limited, but as both parties have accepted the car was not of satisfactory quality and that Mr A can reject it, I don't need any further details to consider here. The car is agreed by all as being of unsatisfactory quality, and as Mr A asked to reject it inside the first 30 days, he is entitled to do so.

When processing a rejection, a business should look to redress a consumer for certain costs. A refund of the deposit paid, refunds of any monthly payments made for the car after it was right to reject it and its stopped being used, and potentially refunding any additional costs incurred due to the faulty car supplied.

Creation have provided no detail as to what they intended to do when they agreed to rejection in their FRL, and when I reached out, also didn't make this much clearer. But they did accept they intended to refund Mr A's monthly payments back to April 2025. On the basis that he asked to reject the car three weeks after it was supplied and doesn't appear to have had the car since (it was left with the supplying dealership I believe), I am satisfied he should be refunded for all his monthly payments made.

Mr A told me that he's raised a separate complaint with Creation about continuing to take payments and reporting these wrongly on his credit file when the car had been handed back in April to the supplying dealership and not returned to him. He initially said he had lost out on a mortgage application due to his credit file reporting missed payments, but then said he wasn't currently able to supply any evidence of this so asked for this issue to be removed from his concerns.

Unfortunately, Creation appear to have done very little here to resolve things once the case had been referred to our service, and Mr A has been focused on small costs like a parking permit and large costs like hiring a car that he wanted refunding, so no agreement has been reached by any of the parties to this stage.

Alongside this, in determining the redress that should be paid, I am mindful that our service can't make findings about a business's complaint handling, as this isn't a regulated activity that we have any jurisdiction to make findings about.

If I deal with Mr A's issues which prevented him accepting the resolution recommended to this stage, the first was regarding the price of the vehicle and his deposit value. As this is a complaint against Creation, I give weight to the accepted finance agreement with them. This says that Mr A's new car was a cash price of £34,055. It also shows a deposit paid of £18,000. Mr A has raised concerns that neither of these figures are correct, but they are the figures he accepted from Creation to enter the agreement. If he has concerns somehow that the supplying dealership have doctored these to their advantage, I'm afraid those concerns aren't for Creation to answer. He was provided with a hire purchase agreement from them for these amounts, and I am not persuaded anything in this complaint should differ from this.

He also suggested that his part exchanged car was in effect worth more than the £18,000 on the agreement, but a car is worth what the parties agree to sell/buy it for, and the agreement doesn't even highlight that this was a part exchange for the deposit. As such, if he feels anything untoward has happened, he'll need to complain separately to the dealership involved about the value of his part exchange.

Whilst I have no concerns about the part exchange value, Mr A clearly has some concerns about something being wrong with the deposit numbers quoted. When I cross reference the finance agreement with the sales invoice from the dealership, whilst both confirm £18,000 value for his part exchanged car, the sales invoice notes a £500 deposit made on top of this with a receipt number, possibly made by Mr A but its unclear. This may suggest Mr A made a further deposit at time of ordering of £500. This left £15,555 as the balance due, but the sales invoice also notes £16,055 due from the finance company which matches the finance agreement figures, and then says

"-£500" due from the customer.

This might suggest that he's actually paid a refundable £500 deposit on ordering the car, but I've seen no comment on this or evidence if this was the case, or if it's been refunded to Mr A. Creation should confirm this before issuing him a refund for his full deposit paid, to ensure he gets what he's entitled to.

Mr A has said he should get his monthly payments back but also supplied details of what he says is a rental car he had to pay for which should be refunded for as well. Our approach to this issue is that it's one thing or the other, so if monthly payments are being refunded, then we don't also recommend payments to be made for other transport by the business other than in exceptional circumstances. Our stance is to pick the fairest outcome; refunding the monthly rentals are one way to pay for ongoing transport, so if they are refunded, they can be used for travel costs.

I thought about whether one or the other was the fair outcome here, but I'm not persuaded by the details Mr A supplied for a rental car. This is a word document, for a company local to him. Whilst a company of this name exists, it's a limited company, and the document provided doesn't note they are limited, or VAT registered.

Alongside this, the charge noted of £220 a week feels excessive for what was a mid-size car approaching ten years old. I'm not persuaded this is a reasonable cost for Creation to have to cover, so won't be awarding anything for this. Mr A will get his monthly rentals refunded instead.

Mr A has gone on to say his insurance should be refunded, but our stance on this is that unless there is clear evidence that someone has had to acquire another car and further insurance due to a faulty car, we don't refund insurance, as its required as part of Mr A's finance agreement for the security of the vehicle. I also note on the car hire invoice provided that his replacement car seems to include insurance as it notes a company/fleet insurance number, so I'm not persuaded car or gap insurance should be refunded by Creation in this case. I haven't seen it mentioned, but the same applies for road tax, which I'm not persuaded should be refunded to Mr A.

Mr A's final request is for a refund for a parking permit. The investigator here said they had discovered it would cost £30 to cancel the permit and was free to change the car it applied to. I'd assume he has used it for the hire car he's had but am satisfied that if he provides proof of actually paying for this cancellation charge of £30 (not proof of emails about it which is all we've received so far), Creation should refund it.

The last thing I've considered is the distress and inconvenience caused and the payment for this. The investigator recommended a figure of £200. I'm not persuaded this is quite enough, particularly considering Creation's failure to action anything other than agreeing a rejection. I am instructing them to increase this payment slightly to £300 to recognise the distress and inconvenience caused by their supply of a faulty car.

Putting things right

To put things right, I instruct Creation to carry out the following:

- End the agreement with nothing further for Mr A to pay.
- Collect the car if required at no cost to Mr A (I believe this is already done)
- Clarify Mr A's full deposit paid and refund it in full.
- Refund all monthly rentals paid for the agreement.
- Refund Mr A the £30 cancellation fee for his parking permit on receipt of proof of payment.
- Pay simple interest at 8% annually on all refunds above from the date of payment to the date of settlement.
- Pay Mr A a further amount of £300 for the distress and inconvenience caused by the supply of a faulty car.
- Remove any adverse information relating to this agreement from Mr A's credit file.

My final decision

I am upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 17 March 2026.

Paul Cronin
Ombudsman