

## **The complaint**

Mr E is unhappy that a van supplied to him under a hire purchase agreement with CA Auto Finance UK Ltd ('CAF') was of an unsatisfactory quality.

## **What happened**

In June 2024, Mr E was supplied with a used van through a hire purchase agreement with CAF. He paid a £500 deposit and the agreement was for £11,494 over 60 months; with 59 monthly payments of £261.91 and a final payment of £271.91. At the time of supply, the van was approaching four years old and had done around 57,800 miles.

Mr E started to have problems with the van from August 2024, and it went in for repair on a number of occasions. However, the problems continued and he complained to CAF. CAF responded to this complaint on 28 October 2024, agreeing to repair the van and offering Mr E a refund of one monthly payment as a contribution towards his expenses.

The van was repaired and returned to Mr E on 8 November 2024. But, a few days later, he says he started experiencing more problems, specifically relating to emissions warnings. The van was returned to the supplying dealership for further repairs, which were unsuccessful. So, the dealership agreed to allow him to reject the van.

In a letter dated 24 January 2025, CAF confirmed the rejection, and that they would refund his deposit as soon as the dealership returned the money to them. The van had been returned to the dealership on 20 January 2025, but the dealership then said the van wasn't faulty. He raised this with CAF, but the dealership didn't clear down the finance and the deposit wasn't returned. So, Mr E brought his complaint to the Financial Ombudsman Service for investigation.

Our investigator said the evidence showed the van was faulty, and that rejection had been agreed. However, the dealership has had the van for a substantial period of time, and nothing has happened. So, the investigator said that CAF should now end the agreement, refunding the deposit Mr E paid, honour their offer to refund all the payments Mr E paid, as well as paying him £500 compensation for the distress and inconvenience caused.

CAF didn't respond to the investigator's opinion. Under the rules we operate, this is classed as a rejection. As such, this 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.

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 E was supplied with a van under a hire purchase agreement. This is a regulated consumer credit agreement which means we're able to investigate complaints about it.

The applicable legislation for this case is the Supply of Goods (Implied Terms) Act 1973. This act implies a term into the contract that the van supplied to Mr E should have been of a satisfactory quality. It explains satisfactory quality is what a reasonable person would expect, taking into account any relevant circumstances. I would consider relevant circumstances here to include things, amongst others, like the van's age, price, mileage and description. So, if I thought the van was faulty when Mr E took possession of it, and this made the van not of a satisfactory quality, it'd be fair and reasonable to ask CAF to put this right.

In this instance, the evidence clearly shows that Mr E had multiple problems with the van, and there had been multiple attempts to fix these. However, Mr E complained that faults still remained. Under these circumstances, where goods cannot be repaired to a satisfactory quality, I would usually direct the financial business to accept rejection.

CAF have agreed to rejection, which they confirmed in their letter of 24 January 2025. In this letter, they also agreed to refund Mr E the deposit and all of the payments he'd made. While I appreciate that the dealership, who also initially agreed to rejection, have now said they don't agree to this; they have had the van since 20 January 2025, they have not provided any evidence that the van is now fault free, nor have they returned the van to Mr E, despite the fact he's still paying for this.

I also don't think that it's fair Mr E should be denied use of the goods he's paying for for such a long period and, even if this was the only issue at hand, I would be saying that CAF should allow rejection on this basis alone.

Therefore, CAF need to do something to put things right.

### **Putting things right**

While CAF haven't received a return of the funds they advanced the dealership, this doesn't stop them allowing rejection and unwinding their agreement with Mr E. And doing so wouldn't stop them pursuing the dealership for the funds they were owed. So, CAF should unwind the agreement in line with their letter of 24 January 2025 – with a full refund of the deposit and monthly payments Mr E paid.

I also think CAF should compensate Mr E for what's happened. But crucially, this compensation must be fair and reasonable to both parties, falling in line with our service's approach to awards of this nature, which is set out clearly on our website.

I note our investigator also recommended CAF pay Mr E an additional £500, to recognise the distress and inconvenience caused by the complaint. And having considered this recommendation, I think it's a fair one that falls in line with our service's approach and what I would've directed, had it not already been put forward.

I think this is significant enough to recognise the frustration and inconvenience Mr E has suffered due to the van being of an unsatisfactory quality, and that he's been without use of the van since January 2025. However, I also think it fairly reflects the use Mr E had of the van when it was in his possession, and that CAF are not making any deductions for this fair usage.

Therefore, CAF should:

- end the agreement, ensuring Mr E is not liable for any monthly payments after the point of collection (if any payments are made, these should be refunded);
- collect the van at no collection cost to Mr E;
- remove any adverse entries relating to this agreement from Mr E's credit file;
- refund the deposit Mr E paid (if any part of this deposit is made up of funds paid through a dealer contribution, CAF is entitled to retain that proportion of the deposit);
- refund all the monthly payments Mr E paid;
- apply 8% simple yearly interest on the refunds, calculated from the date Mr E made the payments to the date of the refund<sup>†</sup>; and
- pay Mr E an additional £500 to compensate him for the trouble and inconvenience caused by being supplied with a van that wasn't of a satisfactory quality (CAF must pay this compensation within 28 days of the date on which we tell them Mr E accepts my final decision. If they pay later than this date, CAF must also pay 8% simple yearly interest on the compensation from the deadline date for settlement to the date of payment<sup>†</sup>).

<sup>†</sup>If HM Revenue & Customs requires CAF to take off tax from this interest, CAF must give Mr E a certificate showing how much tax they've taken off if he asks for one.

### **My final decision**

For the reasons explained, I uphold Mr E's complaint about CA Auto Finance UK Ltd. And they are to follow my directions above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 24 November 2025.

Andrew Burford  
**Ombudsman**