

The complaint

Mr G complains Hyundai Capital UK Limited trading as Genesis Finance (Hyundai Capital) supplied him with a car under a car finance agreement which wasn't of satisfactory quality.

What happened

Mr G entered into a conditional sale agreement with Hyundai Capital on 15 August 2024 in order to acquire a new car. He paid a deposit of £5,000. The cash price was £54,805 and the total amount payable under the agreement was £57,522.92. This was to be paid by way of 48 consecutive monthly payments each of £666.19 and a final payment of £20,545.80.

Mr G experienced problems with the car shortly after acquiring it and within the first 30 days. In particular, he complained about the air conditioning. Additionally, he raised concerns about the cruise control failing, a puncture and an issue with the AD-Blue. He had been abroad with his family when it stopped working. He asked to reject the car or have a replacement.

Hyundai Capital went on to repair the car and returned it to him. Therefore, Mr G complained that Hyundai Capital hadn't allowed him to reject the car or didn't provide a replacement of the car even though he exercised his rights within the first 30 days.

Hyundai Capital responded to the complaint on 13 November 2024 but didn't think it should be upheld. It said it wasn't proportionate to allow rejection since repairs had been undertaken and the car returned to him.

Mr G remained unhappy and asked our service to look into things. Our Investigator upheld the complaint and explained why he felt Mr G should be allowed to reject the car. He also explained how Hyundai Capital should otherwise put things right. Hyundai Capital agreed and also confirmed it would charge no excess mileage fees when the car was returned.

However, Mr G didn't agree with how things should be put right. In summary, he was initially concerned with the return date explaining that return of the car would disrupt his commute and also his holiday plans. He wanted to ensure he had time to get a new car. He also added that by returning the car he would lose over £8,000 in payments he made towards the agreement and final ownership of the car. Therefore, he felt returning the car would leave him out of pocket. He said he would be willing to return the car if all payments were refunded to him and there were no mileage charges. Or, if a brand-new replacement car was provided with the same specification under the existing contract to avoid the loss of repayments to date.

Mr G is concerned our Investigator thought he was leasing the car. He said he has had to continue using the car because Hyundai Capital ignored his consumer right to return the car within the first month of ownership when he experienced all of the issues. Therefore, the continued use of the car has been because Hyundai Capital didn't act appropriately to resolve the issue. He said Hyundai Capital was never able to fully identify the issue with the car and therefore there may still be an underlying issue which may have longer term consequences.

As Mr G didn't agree with how things should be put right, the case 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.

The Consumer Rights Act 2015 (CRA 2015) is of particular relevance to this complaint because it says that under a contract to supply goods, there is an implied term that "the quality of goods is satisfactory". The agreement in this case is a regulated consumer credit agreement. As such, this service is able to consider complaints relating to it. Hyundai Capital is also the supplier of the goods under this type of agreement, and responsible for a complaint about their quality.

Both parties have accepted there was a fault with the car supplied to Mr G under the finance agreement, and this made the car of unsatisfactory quality. Having reviewed the circumstances, I agree. Hyundai Capital supplied Mr G with a brand-new car, and I think he could reasonably have expected it to be fault free for some time after he acquired it. This was not the case, and he experienced problems with the air conditioning (and had raised other issues with the car) such that repairs were required. Therefore, Hyundai Capital did not supply him with a car which was of satisfactory quality.

Putting things right

I've thought about the available remedies under the CRA 2015. Mr G exercised his right to reject the car within the first 30 days of him acquiring the car and he should be allowed to reject it. He emailed on 27 August 2024 to confirm he didn't want repair – he wanted to reject the car or have a replacement. However, repairs were carried out at the time which don't seem to have been agreed by Mr G. I appreciate some time has now passed, but I think it would be fair and reasonable in the circumstances that he should be allowed to reject it. His continued use of the car has been because Hyundai Capital didn't allow rejection.

Mr G has expressed concern about being charged for excess mileage. He has said he always intended to fully purchase the car and make the final payment. So, excess mileage wasn't something he had been concerned about. In an email dated 8 October 2025, Hyundai Capital has confirmed it will not seek to recover excess mileage fees.

Mr G's use of the car was significantly impacted by the faults particularly in August and September 2024. Therefore, two months of the monthly repayments should be refunded to him.

Outside of this, he has been using the car and so I can't say any other payments made under the agreement should be refunded. I've taken into consideration what Mr G has said about this not being a lease agreement. However, Mr G has been able to use the car while it's been in his possession. Because of this, I think it's only fair that he pays for his usage. So, I won't be asking Hyundai Capital to refund any other payments he's made (outside of the two months identified above).

Mr G has also proposed the option of having a replacement car provided. However, I don't think it's reasonable at this stage to ask Hyundai Capital to provide a replacement car. It would very likely be impractical to find a replacement as Hyundai Capital would need to source a car which is the same make, model, specification and mileage. I appreciate Mr G feels as though he has lost out on the payments he has made towards the agreement. But

as already explained, it's fair he pays for his usage. Additionally, I'm satisfied it wouldn't be appropriate to ask Hyundai Capital to source a replacement at this stage given Mr G has been able to continue to use the car and has added mileage to it.

I also appreciate Mr G has experienced distress and inconvenience as a result of the issues with the car. I'm satisfied £250 reasonably acknowledges this in the circumstances.

Therefore, to put things right Hyundai Capital UK Limited trading as Genesis Finance should:

- Arrange for collection of the car at no cost to Mr G;
- Upon the car's return, end the agreement with nothing further to pay;
- Refund Mr G's advance payment of £5,000;
- Refund two months' worth of monthly payments to reflect the time when Mr G's use of the car was significantly impaired;
- Pay 8% simple yearly interest* on all refunded amounts from the date of payment until the date of settlement;
- Pay £250 for any distress and inconvenience that's been caused due to the faulty goods; and
- Remove any adverse information from Mr G's credit file in relation to the agreement.

*If Hyundai Capital considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr G how much it's taken off. It should also give Mr G a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

I'm satisfied this is fair and reasonable in all the circumstances of the complaint.

My final decision

For the reasons outlined above, I'm upholding this complaint and Hyundai Capital UK Limited trading as Genesis Finance should put things right in the way outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 10 March 2026.

Laura Dean
Ombudsman