

The complaint

Mr A complains that CA Auto Finance UK Ltd (“CAAF”) has unreasonably threatened to repossess a vehicle which he took under a hire purchase agreement and to end that agreement.

What happened

In October 2023 Mr A entered into a 49-month hire purchase agreement with CAAF for a used car.

In April 2025 Mr A was offered and accepted a job working overseas. In May 2025, and while Mr A was outside the UK, the car was seized by police and impounded. It was being driven by an uninsured third party.

Mr A contacted CAAF with a proposal for recovering the car. He said that he was willing to return to the UK to collect the car, but explained that he was temporarily disqualified from driving so could not obtain insurance. He therefore proposed that he nominate a third party to collect the car, having obtained insurance with CAAF registered on the policy as an interested party.

CAAF did not accept the proposal. It was, it said, entitled to end the hire purchase agreement and repossess the car. Mr A had breached the agreement by parting with possession of it. Further, the terms of the hire purchase agreement meant that any insurance policy had to be in Mr A's name.

Mr A referred the matter to this service, where one of our investigators considered what had happened. He did not, however, recommend that the complaint be upheld. Mr A did not accept the investigator's recommendation and asked that an ombudsman review the complaint.

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.

In the course of this complaint, Mr A has made fairly extensive arguments setting out why, in his view, CAAF is not entitled to act as it has done. In keeping with this service's role as an informal dispute resolution service, however, my own comments will focus on the issues which I consider to be most pertinent. I can however assure the parties (and in particular Mr A) that I have considered all the evidence and arguments very carefully before reaching this decision.

The hire purchase agreement was described as a Personal Contract Purchase Agreement regulated by the Consumer Credit Act 1974. It included:

““You” means the person or persons named in the section headed Parties....” That section in turn referred to Mr A and to CAAF. They were the only parties to the agreement.

Section 4 of the agreement set out the three options which Mr A had at the end of 49-month period.

The first option was for Mr A to buy the car ("the Goods") by making a final payment of £12,863.00, an Option Fee, an Administration Fee, and any other payments due under the agreement.

The second option was to trade in the car against the purchase of a new car. If Mr A wanted to take that option, he would have to make all the payments set out in the first option.

The third option was to return the car to CAAF without making the final payment. Both the first and second option included:

"Until you fulfil the above requirements, the Goods shall remain our property."

Section 5.1 said:

"You must keep the Goods in your possession at all times, unless they are being repaired. You must not sublet or sell the Goods or allow them to be seized in satisfaction of your debts or for any other legal process. If we ask you must tell us where the Goods are, and allow us to inspect them."

Section 7.1 said:

"You must keep the Goods comprehensively insured with an insurer of good repute against loss, damage and third party risks for its full replacement value, even if you are not able to use the Goods. We may determine at our reasonable discretion whether an insurer is of good repute for the purposes of this clause."

Section 12 set out the circumstances in which CAAF could end the agreement and the consequences of its doing so. It said that CAAF could end the agreement if (amongst other things) the car was no longer in Mr A's possession or if Mr A had breached the agreement in any other serious way. It also said that, on termination, Mr A would no longer have any right to keep the car, but that he would still have to pay sums due under the agreement.

In the course of bringing this complaint, Mr A has suggested that he has legal and/or beneficial ownership of the car. That is a misunderstanding on his part. Under a hire purchase agreement, ownership of goods remains with the finance provider unless and until the customer has paid all sums due under the agreement – including any lump sum required to complete the sale. That was clearly reflected in section 4. The car was, and still is, the property of CAAF.

Mr A was required to keep the car in his possession at all times. That does not mean that CAAF expected him always to have it in his physical possession. I do however think it is arguable that, when Mr A took a job overseas, he parted with possession of the car. That was not the same as taking a holiday or going on a business trip, for example.

Be that as it may, the car was not in Mr A's possession when it was driven by an unauthorised and uninsured individual. And it was not – and, to my knowledge, is not – in his possession while it is in the possession of the police. I note as well that section 5.1 expressly refers to seizure as part of a legal process.

Mr A says that the car will be in his possession if he appoints a third party to collect it on his behalf. He has suggested that in such circumstances he would have constructive possession of it. That is however a concept more usually associated with criminal law (for example, where somebody controls stolen goods but does not have physical possession of them). In this case, however, I believe the intention of section 5.1 was that only Mr A, as a party to the

hire purchase agreement, would have physical possession of the car. Letting someone else collect the car and drive it is very different from, say, Mr A leaving it in a car park but keeping possession of the key.

I turn finally to the insurance requirements. Mr A has said that he cannot insure the car in his name because he has been disqualified. He says however that the car could be insured in the name of a third party. It would appear therefore that the car is not currently insured. Nor is it clear that a third party could obtain fully comprehensive insurance, since they would have no insurable interest and no relationship with CAAF. I note that the hire purchase agreement requires that Mr A is the car's registered keeper. I think the intention of clause 7.1 was that any insurance would be in Mr A's name (even if additional drivers were covered) and that CAAF's interest would be noted.

It is not for me to say whether Mr A has breached the hire purchase agreement or, if he has, what steps CAAF can or cannot take as a result. I am however satisfied that it has not treated Mr A unfairly.

My final decision

For these reasons, my final decision is that I do not uphold Mr A's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 30 December 2025.

Mike Ingram

Ombudsman