

The complaint

Mr S complains that a van that was supplied to him under a hire purchase agreement with CA Auto Finance UK Limited wasn't of satisfactory quality. His wife is also involved with his complaint.

What happened

A used van was supplied to Mr S under a hire purchase agreement with CA Auto Finance that he electronically signed in March 2023. The price of the van was £34,695, Mr S made an advance payment of £12,500 and he agreed to make 59 monthly payments of £475.73 and a final payment of £485.73 to CA Auto Finance.

Mr S complained to CA Auto Finance in January 2025 about issues with the van and it arranged for the van to be inspected by an independent expert. It then said that, given the van's age, mileage, and price when it was supplied and the mileage that Mr S had travelled in the van, it deemed it to have been of satisfactory quality at the point of sale. It offered to reimburse Mr S for one monthly instalment (which it said was £361.07) for any inconvenience caused and said that it would reduce the settlement figure by £500 to assist him with either part-exchanging or selling the van.

Mr S wasn't satisfied with its response so referred his complaint to this service. It was looked at by one of this service's investigators who, having considered everything, didn't think that CA Auto Finance had acted fairly. She thought that the van wasn't of satisfactory quality when supplied and that it was fair for Mr S to be able to reject it. She recommended that CA Auto Finance should: end the finance agreement and take the van back; refund Mr S's deposit of £12,500, any lump sum payment made to reduce the loan and one monthly payment, all with interest; pay £50 for the cost of diagnostic tests, with interest; pay £350 for any distress or inconvenience that's been caused; and remove any adverse information from Mr S's credit file in relation to the agreement.

Both Mr S and CA Auto Finance accepted the investigator's recommendation, but CA Auto Finance then retracted its acceptance and provided a challenge from the dealer's legal representative. The dealer's legal representative says that the extent of the remedy available to Mr S is a regeneration of the van's diesel particulate filter, the removal, stripping and cleaning of the rear brake callipers and the investigation and rectification of the electrical fault that is causing the rear brake sensor issue. It says that the investigator's recommendation is entirely unfair and prejudicial to CA Auto Finance and disproportionate. CA Auto Finance says that the dealer's offer is reasonable and that it would also refund two monthly payments, pay £50 for the January 2025 diagnostic tests and agree to the £350 compensation.

The investigator considered the further information from CA Auto Finance and the dealer's legal representative, but her recommendation didn't change. She asked Mr S and CA Auto Finance to let her know whether they agreed to her recommendation. Mr S has again confirmed his acceptance of it, but CA Auto Finance hasn't provided any further response, so I've been asked to issue a decision on this 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.

CA Auto Finance, as the supplier of the van, was responsible for ensuring that it was of satisfactory quality when it was supplied to Mr S. Whether or not it was of satisfactory quality at that time will depend on a number of factors, including the age and mileage of the van and the price that was paid for it. The van that was supplied to Mr S was first registered in May 2019, so was nearly four years old, the inspection report says that it had been driven for 37,007 miles and the price of the van was £34,695. Satisfactory quality also covers durability which means that the components within the van must be durable and last a reasonable amount of time, but exactly how long that time is will depend on a number of factors.

Mr S says that he first took the van back to the dealer because of problems with the engine in March 2023 and that it has been back to the dealer more than twenty times because of issues with it. Mr S complained to CA Auto Finance in January 2025 about those issues and it listed them as: engine management light displaying, missing bungs from the roof which caused a leak which damaged the rear heating, faulty rear sensors, error/warning message illuminating on the dash advising the diesel particulate filter being overloaded and needed regeneration, error/warning message on the dash advising of AdBlue malfunction, loud noise at the rear of the van when reversing, and squeaking/squealing brakes.

CA Auto Finance arranged for the van to be inspected by an independent expert in February 2025. The inspection report says:

*"In the engineers opinion, being based on evidence written, reported, and observed during this assessment of the vehicle, the following can be concluded:
Confirmed DPF light (Overloaded) — Present since or shortly after purchase.
Confirmed DPF light — Exhaust filter cleaning message illuminated. — Present since or shortly after purchase.
Ad blue warning illuminated: — not confirmed, but potential cause could also be a wiring issue or consequence of previous interference (remapping).
Confirmed noise from rear brakes when the vehicle is reversing. — Present since or shortly after purchase.
I would suggest the rear brake callipers are removed stripped and cleaned.*

Genuine [manufacturer] brake pads should be fitted after the friction material has been chamfered to reduce the likelihood of rotational noise when braking or reversing.

There may also be anti-rattle plates or shims available to prevent the brake pads becoming misaligned or twisted in the brake calliper.

During the road test, I also confirmed the reverse park sensor fault. (Historical video on file) Present since or shortly after purchase.

It is feasible and should be considered that the cause may be a reverse switch issue or wiring fault,

Again, it is feasible that the brake pad warning indicator issue is possibly caused by an electrical issue. (Ref water ingress to fuse box)

Having removed the interior trims covering the fuse box there are signs to suggest there has been moisture around the fuse box and wiring harness. (see images).

Further in-depth diagnosis is required as to the cause of all the above issues.

From my inquiries and after considering the evidence provided by the owner, I believe the faults I have commented on would have been present or developing at the point of sale and [it is] my opinion the vehicle was not fit for purpose at the time of sale.

The following issues: Steering judder at idle.

The replacement of the auxiliary belt, tensioner and crankshaft pulley have manifested during the ownership of the vehicle (wear and tear)".

The dealer's legal representative says that the extent of the remedy available to Mr S is a regeneration of the van's diesel particulate filter, the removal, stripping and cleaning of the rear brake callipers and the investigation and rectification of the electrical fault that is causing the rear brake sensor issue. It's clear from the evidence that's been provided that the dealer has repaired the van multiple times, but the independent expert concluded that the issues with the van that he'd commented on in his report would have been present or developing at the point of sale and that the van wasn't fit for purpose at that time. I don't consider that CA Auto Finance has provided enough evidence to show that the van was of satisfactory quality when it was supplied to Mr S.

There are clearly faults with the van and, on the basis of the evidence that's been provided, I consider it to be more likely than not there were faults with it that were present or developing when it was supplied to Mr S and that those faults caused it not to have been of satisfactory quality at that time. I've carefully considered all that CA Auto Finance has said and provided, including the challenge from the dealer's legal representative, but I agree with the investigator that a repair of the faults with the van wouldn't now be an appropriate remedy. I find that it would be fair and reasonable in these circumstances for Mr S to be able to reject the van and for CA Auto Finance to take the actions described below to put things right. I don't consider that to be a disproportionate remedy in these circumstances.

Mr S also complained to CA Auto Finance that the dealer told him that the van had only had one previous owner but, when he received the registration document, he could see that it had had three previous owners. The investigator considered whether the van was misrepresented to Mr S, but didn't think that a misrepresentation had occurred. Mr S has accepted the investigator's recommendation and I agree with the investigator that there's not enough evidence to show that Mr S was induced into entering into the hire purchase agreement by a misrepresentation made by the dealer about the van's previous owners.

Putting things right

I find that it would be fair and reasonable for CA Auto Finance to end the hire purchase agreement and arrange for the van to be collected from Mr S, both at no cost to him. The hire purchase agreement shows that Mr S made an advance payment of £12,500 for the van. I find that it would be fair and reasonable for it refund to Mr S the advance payment that he made for the van, with interest. Mr S says that he paid an additional lump sum to reduce the outstanding amount that he owed to CA Auto Finance under the hire purchase agreement. I find that it would also be fair and reasonable for it refund to Mr S any such lump sum payment made by him, with interest.

Mr S paid £425 to a garage in January 2025 for work on the car which included £50 for diagnostic tests. I find that it would be fair and reasonable for CA Auto Finance to pay £50 to Mr S to reimburse him for the cost of the diagnostic tests, with interest. CA Auto Finance offered, in the final response letter that it sent to Mr S in April 2025, to refund one monthly payment (which it said was £361.07) for any inconvenience caused. I find that it would be fair and reasonable for it to refund one monthly payment of £475.73 to Mr S for his loss of use and enjoyment of the van, with interest (and, for calculating interest, I consider that the refund should be treated as if it was for the first monthly payment made by Mr S after the date of CA Auto Finance's final response letter in April 2025).

These events have clearly caused distress and inconvenience for Mr S. The investigator recommended that CA Auto Finance should pay Mr S £350 for any distress or inconvenience that's been caused. I agree with that recommendation. The investigator also said that CA Auto Finance should remove any adverse information from Mr S's credit file in relation to the agreement. I've seen no evidence to show that CA Auto Finance has reported any adverse information to the credit reference agencies about the hire purchase agreement but, if it has done so, it should ensure that the information is removed from Mr S's credit file.

My final decision

My decision is that I uphold Mr S's complaint and order CA Auto Finance UK Limited to:

1. End the hire purchase agreement and arrange for the van to be collected from Mr S – both at no cost to him.
2. Refund to Mr S the advance payment that he made for the van.
3. Refund to Mr S any lump sum payment that he's made.
4. Refund to Mr S the monthly payment that I've described above.
5. Pay £50 to Mr S to reimburse him for the cost of the January 2025 diagnostic tests.
6. Pay interest on the amounts at 2 to 5 above at an annual rate of 8% simple from the date of each payment to the date of settlement.
7. Ensure that any adverse information about the hire purchase agreement that it's reported to the credit reference agencies is removed from Mr S's credit file.
8. Pay £350 to Mr S to compensate him for the distress and inconvenience that he's been caused.

HM Revenue & Customs requires CA Auto Finance to deduct tax from the interest payment referred to above. CA Auto Finance must give Mr S a certificate showing how much tax it's deducted if he asks it for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 15 December 2025.

Jarrold Hastings
Ombudsman