

## **The complaint**

Mrs J complains that a car supplied to her under a hire purchase agreement with CA AUTO FINANCE UK LTD (CAF) was of unsatisfactory quality. Mrs J has been represented during her complaint. For ease, I'll refer to any information supplied by Mrs J's representative as being supplied by Mrs J.

## **What happened**

Mrs J explained that around five months into the agreement, her vehicle broke down, was taken to a repairer and diagnosed with some faults, including a head gasket failure. This was repaired, with the dealership eventually offering to cover an amount of costs it says it would have cost them to carry out the repairs. Mrs J then reported further issues with the vehicle, explaining the car would misfire after a short time using it.

A repairer investigated and suspected an Engine Control Unit (ECU) fault, with prior indications that the ECU may have been worked on before. The ECU was sent away for testing but came back as not likely to be the cause of the faults, meaning there was something still wrong with the vehicle causing it to misfire.

Mrs J complained to CAF about the issues. In its final response, CAF summarised the issues and provided referral rights to the Financial Ombudsman Service. Unhappy with the outcome, Mrs J brought her complaint to this Service, where it was passed to one of our Investigators.

The Investigator upheld the complaint. It was her opinion that the car was not of satisfactory quality and had ongoing faults meaning that a rejection of the vehicle was fair. Mrs J agreed with the outcome, whilst CAF did not. CAF provided a response from the dealership, which the Investigator considered and explained that it did not change her outcome.

The Investigator was in touch with CAF about the outcome, however contact appears to have stopped. As such, I've been asked to review the complaint to make a final decision.

## **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.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point it's not because I've failed to take it on board and think about it, but because I don't think I need to comment on it in order to reach my decision.

Mrs J acquired a car under a hire purchase agreement. Entering into consumer credit contracts like this is a regulated activity, so I'm satisfied we can consider Mrs J's complaint about CAF. CAF is also the supplier of the goods under this type of agreement meaning they are responsible for a complaint about the supply of the car and its quality.

The Consumer Rights Act 2015 (CRA) is relevant in this case. It says that under a contract to supply goods, there is an implied term that “the quality of the goods is satisfactory, fit for purpose and as described”. To be considered as satisfactory, the CRA says the goods need to meet the standard that a reasonable person would consider satisfactory, considering any description of the goods, the price and all the other relevant circumstances. The CRA also says that durability can be an indicator of satisfactory quality.

So, it seems likely that in a case involving a car, the other relevant circumstances that a court would consider might include things like the age and mileage at the time of sale and the vehicle’s history.

In this case, Mrs J acquired a car that was around five years and four months old and had travelled around 40,594 miles. As a used car with this mileage and age, it’s reasonable to expect parts may already have suffered more wear and tear when compared to a new car or one that is less travelled. There’s a greater risk this car might need repair and/or maintenance sooner than a car which wasn’t as road-worn.

I’ve reviewed the available evidence about the issues Mrs J experienced with the car. Based on what I’ve seen, I’m satisfied that there were faults with the head gasket and the car misfiring along with other issues that needed repair. I say this because neither CAF nor Mrs J dispute the head gasket fault. I’ve also seen invoices for repair work carried out on a timing belt kit, spark plugs and head gasket as well as investigations ongoing into the vehicle misfiring.

Having considered the car had a fault, I’ve considered whether it was of satisfactory quality at the time of supply.

I can see Mrs J encountered an issue around five months into the agreement, with the invoice showing a timing belt kit and head gasket repair were needed, as well as testimony appearing to be from the repairer explaining that there may well have been an attempted repair to the head gasket area previously, alongside potential evidence of prior ECU work.

The information available on this case persuades me that the vehicle was not of satisfactory quality when it was supplied. I say this because there appears to be evidence of prior repair work as described by the repairer, alongside the head gasket failure after only around 5 months into the agreement, where the vehicle is recorded as having travelled around 4,290 miles since Mrs J acquired it. The part in question could reasonably have been expected to last longer than it did before it failed and needed repair.

The dealership offered an amount towards the cost, because they didn’t actually get to see the vehicle, diagnose it and repair it themselves. In this case I think it is reasonable that Mrs J went ahead with repairs at the repairer the vehicle was taken to. This is because Mrs J has explained that there were times she was not hearing back from the dealership about the repair of the vehicle, and she needed it to stay mobile due to her personal circumstances alongside the purpose of the vehicle. Because of this, I don’t think it was unreasonable that Mrs J had the vehicle repaired.

Under the CRA, CAF have one opportunity to repair the vehicle. Mrs J was in contact with the dealership along with CAF, and I can see emails where the dealership were apologising for delayed response in the chain where they are asking to see the vehicle to diagnose. I’ve explained above why I’m persuaded that it is fair for Mrs J to have proceeded with repairs to the vehicle without the dealership seeing it, based on the information available under these specific circumstances.

Since the head gasket repair, the vehicle is still misfiring, and the ECU is believed not to be the cause of the problem. This means the vehicle still has a fault rendering it not of satisfactory quality after the repair to the head gasket and potential repairs prior to Mrs J's ownership. All of the information available persuades me that the vehicle was not of satisfactory quality when it was supplied, and it has remained of unsatisfactory quality. I'm also persuaded that a rejection of the vehicle is now a fair outcome.

### **Putting things right**

As I've concluded that the car was not of satisfactory quality when it was supplied, I think it's reasonable that CAF should put things right.

For the reasons explained above, I do think rejection of the vehicle is a fair outcome. This is due to the reasons outlined above, alongside this, the vehicle has now remained unrepaired for a significant period of time, meaning any potential repairs have not been carried out within a reasonable timeframe and could well have led to further issues.

CAF will need to end the agreement with nothing further to pay in relation to the monthly payments, arrange to collect the vehicle at no cost to Mrs J and refund the advance payment paid, however CAF are entitled to keep any part made up of a dealer contribution if applicable.

I agree with the Investigator that CAF should refund any monthly payments made after the vehicle became unusable in February 2025 to ensure Mrs J has not paid whilst unable to use the vehicle. It appears from what I have available that Mrs J had to acquire another car, so has tried to keep herself mobile.

Mrs J has also explained she had to have the vehicle repaired at her own expense in relation to the head gasket failure and other work, and it is fair that this cost is covered by CAF. The dealership do appear to have offered or paid £320 towards these costs, and so the difference in evidenced repair costs incurred due to the vehicle being of unsatisfactory quality should be repaid to Mrs J by CAF alongside evidenced costs for diagnostic reports to identify the issues.

I'm persuaded that the storage fees Mrs J has been advised of should not be Mrs J's responsibility in this case. This is due to being supplied with a vehicle of unsatisfactory quality, leading to Mrs J incurring these fees. I've outlined above why I feel it was reasonable for Mrs J to go ahead with a third-party repairer in this case, and Mrs J has explained why she is unable to move the vehicle from the repairer. As such CAF should liaise with the repairer regarding the storage fees, with Mrs J not being liable for these.

I also agree with the Investigator that a payment for distress and inconvenience is relevant in this case. Mrs J has explained how much more difficult things have been for her since the vehicle broke down, and this will have caused stress and inconvenience in trying to resolve the issues, along with added financial pressures. I agree that CAF should pay Mrs J £300 to reflect the distress and inconvenience caused.

Mrs J had asked for this amount to be reconsidered due to the time passed since the Investigator's opinion. I have considered this and I do not doubt Mrs J has incurred further inconvenience, however I'm still persuaded that £300 is fair in this case. Mrs J has incurred distress and inconvenience, and there have been times where things have been slower to happen than Mrs J would have liked. Thinking about the overall settlement and the level of distress and inconvenience within this, I'm satisfied that £300 alongside the redress outlined

is a fair way to resolve the complaint although I acknowledge why Mrs J had requested this be looked at.

### **My final decision**

For the reasons explained, my final decision is I uphold Mrs J's complaint and instruct CA AUTO FINANCE UK LTD must follow my directions above to do the following:

- End the finance agreement and collect the vehicle as outlined above.
- Reimburse Mrs J's advance payment as outlined above.
- Refund some monthly instalments as outlined above.
- Reimburse Mrs J some evidenced costs including ensuring Mrs J is not out of pocket for storage costs as outlined above.
- Pay 8% simple yearly interest\* on the above, to be calculated from when Mrs J made the payments to the date of the refund.
- Pay Mrs J a total of £300 for distress or inconvenience caused.
- Remove any adverse information from Mrs J's credit file in relation to the agreement if applicable.

\*HM Revenue & Customs requires CA AUTO FINANCE UK LTD to deduct tax from the interest amount. CA AUTO FINANCE UK LTD should give Mrs J a certificate showing how much tax it has deducted if she asks for one. Mrs J can reclaim the tax from HM Revenue & Customs if appropriate.

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

Jack Evans  
**Ombudsman**