

The complaint

Mr H complains about a car supplied under a Personal Contract Purchase ('PCP') agreement, provided by CA AUTO FINANCE UK LTD ('CA').

What happened

Around July 2023 Mr H acquired a used electric car under a PCP agreement with CA. The car is listed with a cash price of £24,995, was around three years old and CA said it had covered around 59,555 miles. Mr H paid a deposit of £500.

Unfortunately, Mr H says the car developed issues and said the car broke down with a power steering failure at the start of January 2025.

Later in January 2025 Mr H complained to CA and asked to reject the car. He then later explained he had the car repaired in February 2025 and the steering rack was replaced at a third-party garage I'll refer to as Q. Mr H said he had authorised the repair "*under duress*" and still wanted to reject the car.

CA issued its final response in March 2025. In summary, this said Mr H had carried out a repair before things could be investigated and he hadn't shown CA was liable for the fault. It said Mr H had no right to reject the car. But it said as a gesture of goodwill it would reimburse one monthly payment to reflect the time Mr H was without his car.

Mr H remained unhappy and referred the complaint to our service. He said the make and model of car he acquired had a 'widely documented' issue with the steering rack and so it wasn't reasonable to view the fault as occurring through wear and tear.

Mr H later said around 19 July 2025 the car had suffered a further fault with the "*traction battery*" and had been recovered to a dealer.

Our investigator issued a view and didn't uphold the complaint. In summary, she explained Mr H hadn't shown the issue with the steering rack was present or developing when he got the car. She said she thought it was most likely the fault was down to a reasonable level of wear and tear.

Mr H disagreed. He provided evidence the 12v battery was replaced in July 2025. And he sent in an email from Q. In summary, this said the steering rack failed earlier than expected and was likely an isolated defect.

Our investigator issued a second view and said she now thought the complaint should be upheld. She said, in summary, that she thought the testimony from Q showed the fault with the steering rack was likely due to an inherent fault rather than wear and tear.

She said CA should reimburse Mr H the cost of the repair, refund two monthly payments to cover the period he was without a car and pay Mr H £200 to reflect the distress and inconvenience caused.

Mr H responded and said he agreed with the view.

CA disagreed. It said because Mr H quickly got the car repaired, this limited its options to investigate. It said it wasn't reasonable to rely on the evidence from Q and said Mr H should've provided this earlier.

Our investigator explained this didn't change her opinion.

CA responded and said Mr H had compromised its ability to look into the complaint by having the repair carried out. It said it might have carried out an independent inspection on the car. It again said the information from Q should've been given earlier. And it said Mr H could've instead reached out to a specialist from the dealer at the time.

CA also forwarded a response from the supplying dealer. This said, in summary, that Q had a financial interest in the decision. It said Q hadn't provided any evidence to support their opinion. And it said a service hadn't been carried out on the car by an authorised manufacturer centre while Mr H had it.

As CA remained unhappy, the complaint was passed to me to decide. I sent CA and Mr H a provisional decision on 29 October 2025. My findings from this decision were as follows:

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 initially think this complaint should be upheld. I'll explain why.

I want to start by explaining to both parties that I might not comment on every single point raised nor every piece of evidence. I want to reassure Mr H and CA that I've carefully considered all of the information that has been provided. But I'm going to focus my decision on what I think are the key facts and the crux of the complaint. This reflects the informal nature of our service.

When considering what's fair and reasonable, I take into account relevant law, guidance and regulations. The Consumer Rights Act 2015 ('CRA') is relevant to this complaint. This says, in summary, that under a contract to supply goods, the supplier – CA here – needed to make sure the goods were of 'satisfactory quality'.

Satisfactory quality is what a reasonable person would expect, taking into account any relevant factors. I'm satisfied a court would consider relevant factors, amongst others, to include the car's age, price, mileage and description. The CRA also sets out that durability can be considered as part of satisfactory quality.

So, in this case I'll consider that the car was used, around three years old and cost around £25,000. It had also covered around 60,000 miles. This means I think a reasonable person wouldn't expect it to be in the same condition as a newer, less road worn model. But, I still think they would expect it to be in good condition, free from anything other than minor defects and would expect trouble free motoring for some time.

What I need to consider in this case is whether I think Mr H's car was of satisfactory quality or not.

It isn't in dispute that Mr H's car developed a fault with the power steering rack.

I've seen an invoice paid to Q on 6 February 2025. This was for £3,322.98. The mileage was noted as 66,322. This said:

“Renew the electric power steering rack”

The invoice goes on to explain the specifics of the repair and states a road test was carried out afterwards with no issues.

What I then need to consider is whether this fault was present or developing at the point of supply, or if this means the car wasn’t durable.

I’ve seen an email that I’m satisfied is likely from Q, dated 11 August 2025. This said:

“Following inspection, the steering rack on the (make and model) was found to have an internal bushing failure. This bushing supports the rack shaft within the housing and maintains correct alignment and smooth operation.

Premature failure of this component can occur if there is abnormal loading, contamination, or a manufacturing defect.

In this case, no evidence of impact damage, external cause, or environmental contamination was identified, suggesting the failure may be related to an internal manufacturing or material issue rather than normal wear and tear.

This failure occurred significantly earlier than would be expected in the normal service life of a steering rack. Based on our experience and information provided by (electric car specialist), this type of bushing failure is not a common issue on the (make and model). We are not aware of any technical bulletins that have been issued for this specific component, which supports the likelihood of this being an isolated defect.” (all emphasis added by myself)

I do think it’s reasonable to conclude this testimony isn’t independent, as it is from the garage Mr H used to have the work carried out. But I don’t agree with CA that Q has a financial interest in this decision – I’ve already seen Mr H paid it some time ago.

I’ve also considered that this email is dated several months after the repair took place, which I’ve taken into account.

That being said, on balance I’m persuaded by this testimony. I say this as it is detailed and gives specific technical reasons and explanations for the author’s opinions.

I find, based on the parts I’ve highlighted, that the steering rack failing meant the car wasn’t durable when supplied to Mr H. It follows I find it wasn’t of satisfactory quality when supplied.

I want to reassure CA that I’ve carefully thought about everything it, and the dealer, said in relation to this. I do note and understand CA’s frustration that Mr H arranged for the car to be repaired while it was still looking into things. But, having considered everything, I’ve not seen enough to persuade me that Mr H acted unreasonably, nor that things would’ve been much different had Mr H waited for a response from CA to the complaint.

I say this as while CA has explained it might have arranged an independent report or taken other action, it didn’t say that it actually intended to do so, or shown this was the case. And I need to consider that its response to the recent evidence sent by Mr H has been to dispute things. I don’t think it’s most likely it would’ve had the opposite response if Mr H provided the email from Q at an earlier time.

I’ve then gone on to consider what now needs to happen to put things right.

Mr H asked to reject the car. But I find he did not have the final right to reject under the CRA when he requested this. In any event, even if he had, I would find he lost this right by arranging the repair anyway.

A repair was a remedy available to Mr H under the CRA. And I'm satisfied this was carried out, broadly meeting his rights. But I find CA should reimburse him for this.

Our investigator said Mr H shouldn't be responsible for the repayments under the agreement for when he didn't have use of the car. I agree with this. But she explained this meant CA needed to reimburse two monthly repayments, which does not seem reasonable to me. I say this as I've seen evidence the car broke down on 2 January 2025 and was repaired on 6 February 2025. So, CA should instead reimburse pro rata monthly payments to accurately reflect this time.

I also agree with our investigator that Mr H has been caused distress and inconvenience because of what happened. I think it must have been frustrating for the car to break down. And he's had to take time and effort to resolve the situation. I find CA should pay him £200 to reflect this.

Mr H has more recently raised a further issue with the battery that our investigator didn't comment on. But I think it's worth mentioning this to wrap things up.

Mr H provided a copy of a breakdown report from July 2025. This stated:

"Member reported flat battery Couldn't get access to vehicle Issue with high voltage battery Gained entry and also gained entry to bonnet

Boost started vehicle Multiple fault codes regarding HV battery

Coolant Level Ok"

An invoice from a manufacturer's garage for an amount of £597.98 from 21 July 2025, where the mileage was recorded as 68,970, noted:

"test came back with replace battery result. New 12v battery required"

"Supplied and fitted new, road tested vehicle and charged. All ok at final test"

I've carefully thought about this. There is a lack of any further commentary or expert testimony here. Considering this, I find it most likely the battery had reached the end of its serviceable life, and this would not mean a fault was present or developing when Mr H got the car. I also find this does not mean that the car was not durable considering its age and mileage. Finally, I've seen nothing to link this issue to the earlier one I've found CA are responsible for.

It follows I find CA needs to take no action on this point.

I gave both parties two weeks to come back with any further comments or evidence.

Mr H said he fully agreed with the decision.

CA responded and said it didn't accept the decision at all, and thought it completely unreasonable. It made some points for me to consider.

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 carefully thought about everything CA said in response to my provisional decision.

In summary, CA said no evidence was submitted to it about the fault at the time, and it didn't give permission to get a repair carried out. I've considered this again. But I'm satisfied I addressed what Mr H did at the time in my provisional decision, and I'm still satisfied what I said is reasonable.

CA said Q had a "*vested financial interest*" even though it was claimed it did not. I've considered this, but again I'm satisfied this was addressed in my decision above and what CA said doesn't change my thoughts here.

CA said it spoke to an independent manufacturer specialist, who said the repair would've cost less than £2,000. But CA provided no evidence of this such as an estimate or any other testimony from any garage. And in any event, the quote wouldn't have been based on seeing the car. So, this doesn't change my opinion.

CA said Q wasn't an authorised manufacturer garage. This is correct, but I've seen no evidence Q wasn't capable nor qualified to carry out the repair. And I can assume an authorised dealer would've been more expensive, which given CA's previous point I imagine it may have been unhappy with.

I want to reassure CA that I've carefully considered everything else it said in its response. But, having thought about this along with all the other available information, I still think what I set out in my provisional decision is fair and reasonable.

My final decision

My final decision is that I uphold this complaint. I instruct CA AUTO FINANCE UK LTD to put things right by doing the following:

- Reimburse Mr H £3,322.98 for the repair from 6 February 2025*
- Reimburse Mr H pro rata monthly repayments for the period 2 January 2025 to 6 February 2025* **
- Pay Mr H £200 to reflect the distress and inconvenience caused

*These amounts should have 8% simple yearly interest added from the time of payment to the time of reimbursement. If CA considers that it's required by HM Revenue & Customs to withhold income tax from the interest, it should tell Mr H how much it's taken off. It should also give Mr H a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue and Customs if appropriate.

** If CA has already made a payment to Mr H in relation to this, it can deduct the figure from the amount owed.

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

John Bower
Ombudsman