

The complaint

Mr T complains that a car he acquired using a finance agreement with CA AUTO FINANCE UK LTD (“CA Auto”) was of unsatisfactory quality.

What happened

In October 2024, Mr T entered a hybrid finance agreement (part hire-purchase, part fixed-sum loan) with CA Auto for a used car. The car was seven years old and had previously covered around 60,000 miles. Mr T was required to pay CA Auto 59 payments of just over £590 with a final payment of around £600 if he wanted to keep the car at the end of the agreement.

Mr T says he noticed smoke coming out from the car when he collected it but says the dealership told him this was normal in diesel cars because of the cold weather and because the car hadn’t been started in a long time. Mr T says the dealership told him the car would be fine once it had been driven a few miles.

A month or so later, Mr T noticed a red battery warning sign on the car’s dashboard, a shattering noise coming from the engine area and heavy smoke. Mr T says the car went into limp mode, and that this happened each time he tried to drive it.

Mr T says he reported the problems with the car to the dealership who told him he could either contact his warranty provider, take the car to a local garage or bring the car to them for inspection. Mr T chose the latter option and says the car was subsequently returned to him after the dealership attempted to repair it. However, Mr T says the same issues reoccurred in March 2025. He took the car to a specialist garage, as agreed by the dealership, who diagnosed faults with the car. Mr T then agreed to return the car to the dealership for them to look at it further. He says they told him they couldn’t provide him with a courtesy car in the meantime and gave Mr T details of a company who could. Mr T agreed for a courtesy car to be provided from this company, at a charge of £25 each day.

Mr T subsequently complained to CA Auto saying he wanted to reject the car and to be reimbursed for expenses he’d incurred. CA Auto didn’t agree Mr T could reject the car and told him the car was being repaired, and that this was a fair solution. CA Auto said the car had covered around 5,900 miles without any reported concerns or significant issues until recently, which indicated the car was functioning adequately and for a considerable period, suggesting that it met the expected standard for a car of its age and mileage when it was supplied to Mr T. CA Auto offered Mr T £691 as a gesture of goodwill to cover the cost of the diagnostic and towing fees that he paid.

Mr T wasn’t happy with CA Auto’s response. So, he referred his complaint to our service. Our investigator recommended it should be upheld as she felt the evidence supported Mr T’s claim that the car wasn’t of satisfactory quality when it was supplied to him. She recommended CA Auto accept the rejection of the car and pay redress reflecting Mr T’s impaired use of it when it was in his possession, and that they refund the payments he made to them when it was being repaired on the first occasions, and since the car was returned to the dealership the second time. She also recommended that CA Auto refund Mr T two

diagnostic fees and pay him £200 compensation for the distress and inconvenience he'd been caused. And she said CA Auto should pay Mr T interest on the refunded amounts and remove any adverse information from his credit file in relation to the finance agreement.

Mr T accepted our investigator's view, but CA Auto didn't. They said the dealership told them Mr T had agreed to the repairs on the second occasion but had then told them he wanted to settle the finance agreement and trade in the car as part-exchange for another car. CA Auto also said Mr T subsequently uninsured the car which was a breach of the terms and conditions of the finance agreement and left the car at risk. CA Auto asked for details of the car's location, details of what actions Mr T had taken in relation to the car since declining the agreed repair and said they would be open to agreeing an independent inspection of the car.

As the matter remains unresolved, Mr T's complaint has been passed to me for a 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 want to acknowledge that I've summarised the events of this complaint. I don't intend any discourtesy by this – it just reflects the informal nature of our service. I want to assure Mr T and CA Auto though that I've reviewed everything on file. And if I don't comment on something, it's not because I haven't considered it. It's because I've concentrated on what I think are the key issues. Our powers allow me to do this.

Where the evidence is incomplete, inconclusive or contradictory (which some of it is here), I reach my decision on the balance of probabilities – that is, what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

CA Auto supplied the car to Mr T under a regulated finance agreement. Because of that, our service can consider complaints about the agreement and the goods, in this case the car. As the supplier of the car, CA Auto had an obligation to ensure it was of satisfactory quality – as set out in the Consumer Rights Act 2015 ("CRA"). Satisfactory quality is what a 'reasonable person' would expect, considering amongst other things the age, price and mileage of the car when supplied.

Section 9 of the CRA refers to satisfactory quality and notes that the quality of goods includes their state and condition. It goes on to list the following aspects, amongst others, of the quality of goods: (a) fitness for which goods of that kind are usually supplied; (b) appearance and finish; (c) freedom from minor defects; (d) safety; (e) durability.

It's reasonable in my view to note the car wasn't new and had travelled around 60,000 miles at the time of supply. So, it would be unreasonable to expect a used car like this to be in the same condition it would have been in when manufactured and first supplied. But just because the car was used with mileage, doesn't mean CA Auto had no requirements in relation to satisfactory quality.

Firstly, I need to establish whether there is evidence to show that there were, or still are, faults with the car to determine if it wasn't of satisfactory quality when it was supplied.

Mr T says the car had problems around a month after he took possession of it, in that there was a battery warning light showing, smoke emanating from the car, a shattering noise coming from the engine area and that it went into limp mode repeatedly.

I haven't seen documentary evidence which shows the above things happened in 2024, as

Mr T says. However, I also note it hasn't been challenged, at least by CA Auto or the dealership, that the car went back to the dealership at that time and that it was then returned to Mr T. I think it unlikely on balance that Mr T's version of events wasn't accurate. So, it does seem to me that there were quite significant issues with the car shortly after Mr T acquired it.

I have though seen evidence from a third-party garage that inspected the car in May 2025 which was when Mr T reported faults with it for the second time. At this point, the car had travelled just under 66,000 miles. The invoice from the garage says they:

'Investigated engine management fault. Carried out a diagnostic check using Topix cloud...Data logged MAP sensor and confirmed faulty. Also noted heavy crankcase blow by and blue smoke on acceleration. Investigated oil leak and traced to rear main oil seal or timing cover seal'.

I've also seen e-mails from the garage which said the car needed a gas exhaust pressure sensor.

The above shows me that the car needed significant repairs and backs up Mr T's comments about what happened with it when he drove it. I think it's unlikely that Mr T somehow caused those issues to occur with the car, and the car hadn't travelled much mileage after Mr T had acquired it. While I agree that faults and problems with used cars can occur, and that not all of these can be attributed to the car being in unsatisfactory condition when supplied, I think on balance these faults were ones that a reasonable person wouldn't have expected to have encountered after what seems to have been a relatively short period of use. And, as I've mentioned above, I think it more likely than not that issues with the car occurred prior to May 2025.

Overall, and noting again that I don't have a complete documentary picture of what happened to the car after Mr T acquired it, I think on balance the car wasn't of satisfactory quality at the point of supply.

Mr T asked CA Auto to allow him to reject the car. The CRA sets out that one repair can be attempted and that if unsuccessful the consumer can request that the car be rejected or agree to a suitable price reduction. Bearing in mind the car was returned to the dealership for a second time to repair, on the face of it, it appears that Mr T was entitled to reject the car when he complained to CA Auto.

I note that CA Auto has told us recently though that Mr T agreed with the dealership the car could be repaired, when it was returned on the second occasion. And they say he confused matters by then asking whether he could use the car as part-exchange for another one. Even if that were the case, Mr T has continued to pay for the car under the finance agreement and says he hasn't had any use of it since May 2025. Nor have I seen evidence that the dealership returned the car to Mr T; he maintains he hasn't seen it since he last returned it. I have no reason to doubt this.

I note CA Auto has said the dealership will provide more comments about their dealings with Mr T. However, our investigator sent her view to CA Auto in October 2025, and it is now February 2026. I think CA Auto has had ample opportunity to provide further evidence about the case and I think for the sake of all parties, it's now time to resolve this. I also have noted CA Auto's comment about the car being uninsured, but Mr T has let us know he has experienced a lot of financial difficulties as he had to not only pay CA Auto the required monthly repayments under the finance agreement, but also a large bill for hiring a courtesy car. So, I suspect Mr T wasn't able to afford to re-insure the car; rather than him making a calculated decision to breach the terms and conditions of the finance agreement.

Putting things right

I think it's fair for Mr T to be able to reject the car. CA Auto should therefore take the car back (if that hasn't already been done) without charging him for collection. They should also end **the finance agreement ensuring that Mr T isn't liable for monthly rentals after the point of collection (it should refund him any overpayment for these if applicable).**

Mr T was deprived of the use of his car during the first set of repairs from 3 December 2024 to 3 January 2025 and then from 28 May 2025 until now. So, I find it fair that CA Auto should refund all repayments he made to the finance agreement for those periods. Interest of 8% simple each year should be added to this, from the date of each payment to the date of settlement.

I also find Mr T wasn't able to use the car as he should have expected, during the time he had it in his possession. I find a price reduction of the payments he made to CA Auto during that time is fair. I think a 10% refund of the payments Mr T made from 23 November 2024 to 2 December 2024 and 11 March 2025 to 27 May 2025 fairly reflects this impaired use. Interest of 8% simple each year should be added to this, from the date of each payment to the date of settlement.

Mr T has incurred other costs as well. He paid £222 (£185 + VAT) and £366, for diagnostic reports to verify the faults present in the car. CA Auto should refund these costs to Mr T, although they can ask Mr T to provide evidence of this beforehand if they wish. Interest of 8% simple each year should be added from the date of each payment to the date of settlement.

I note Mr T said he paid £272.50 for towing fees; However, he hasn't been able to provide evidence of this, so I won't be directing CA Auto to refund this. However, as CA Auto confirmed they would reimburse this cost within their final response letter, they may wish to honour that offer.

Mr T also incurred costs in keeping mobile while the car wasn't in his possession. However, as I'm directing CA Auto to refund the monthly payments he made to them during those periods, I won't be directing them to refund these as that would essentially mean Mr T would have travelled for free.

I do find though that Mr T was caused distress and inconvenience as a result of being given a car that wasn't of satisfactory quality. I find that CA Auto should pay £200 for this.

Finally, I find that it wouldn't be reasonable for Mr T's credit file to have been negatively impacted by what happened. So, I direct CA Auto to remove any negative information they may have recorded in relation to this finance agreement.

My final decision

I uphold this complaint and direct CA AUTO FINANCE UK LTD to take the action I've set out in the 'putting things right' section of my decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 19 March 2026.

Daniel Picken
Ombudsman