

The complaint

Mr D is unhappy that a car supplied to him under a personal contract purchase agreement with CA Auto Finance UK Ltd ('CAF') was of an unsatisfactory quality.

What happened

In September 2023, Mr D was supplied with a used electric car through a personal contract purchase agreement with CAF. He paid an advance payment of £2,250 and the agreement was for £22,730 over 48 months; with 47 monthly payments of £380.72 and a final payment of £13,051. At the time of supply, the car was almost five years old and had done 60,458 miles (according to the MOT record for 29 September 2023).

The car started to have issues with the drive battery, resulting in a reduced range, in March 2024. The car was repaired by the supplying dealership. However, due to the availability of parts and a suitable technician, the car wasn't repaired until November 2024.

On 5 December 2024, Mr D reported that he was still having drive battery issues. This was again repaired by the dealership, but the repair wasn't completed until August 2025. But, when Mr D tried to collect the car, further drive battery faults were identified. And it wasn't until 10 September 2025 that the dealership told Mr D he could now collect the car.

Unhappy with the continuous issues, Mr D refused to collect the car, and he voluntarily terminated the agreement, paying CAF £5,590.86 to allow this.

Mr D had already complained to CAF, but they hadn't upheld his complaint, saying the car had passed an MOT test in September 2023, so it was of a satisfactory quality when it was supplied. Unhappy with everything that had happened, Mr D brought his complaint to the Financial Ombudsman Service for investigation.

Our investigator said that the faults with the car had occurred within the first six months of supply, so CAF were liable. They said that, although repairs had taken place, these had been unsuccessful, so Mr D should be allowed to reject the car. As a voluntary termination ('VT') had already taken place, the investigator said that CAF should treat this as the rejection point, refunding Mr D his deposit, the amount he'd paid for VT, as well as a refund of some of the payments he'd made.

CAF didn't agree with the investigator's opinion. They said the car underwent a full pre-delivery inspection and health check prior to supply, and it was *"in a sound mechanical and electrical condition, roadworthy, and free from any identified faults."* They also said the car performed without issue for several months after supply, and *"the subsequent battery-module faults were manufacturer-related component failures that could not reasonably have been foreseen or detected during pre-delivery inspection."* So, they didn't think they were liable for any faults with the car.

Because CAF didn't agree, this matter has been passed to me to decide.

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.

Having done so, I've reached the same overall conclusions as the investigator, and for broadly the same reasons. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome. Where evidence has been incomplete or contradictory, I've reached my view on the balance of probabilities – what I think is most likely to have happened given the available evidence and wider circumstances.

In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and (if appropriate) what I consider was good industry practice at the time. Mr D was supplied with a car under a personal contract purchase agreement. This is a regulated consumer credit agreement which means we're able to investigate complaints about it.

The Consumer Rights Act 2015 ('CRA') says, amongst other things, that the car should've been of a satisfactory quality when supplied. And if it wasn't, as the supplier of goods, CAF are responsible. What's satisfactory is determined by things such as what a reasonable person would consider satisfactory given the price, description, and other relevant circumstances. In a case like this, this would include things like the age and mileage at the time of sale, and the vehicle's history.

The CRA also implies that goods must conform to contract within the first six months. So, where a fault is identified within the first six months, it's assumed the fault was present when the car was supplied, unless CAF can show otherwise. So, if I thought the car was faulty when Mr D took possession of it, and this made the car not of a satisfactory quality, it'd be fair and reasonable to ask CAF to put this right.

The car was supplied to Mr D on 28 September 2023, and he first reported the issues on 4 March 2024 – this is within six months of supply, so, as per the CRA, CAF are considered liable unless they can prove otherwise. The repair wasn't completed until 19 November 2024, with two drive battery modules being replaced.

CAF don't believe they have any liability for the battery module issue because the car passed a pre-delivery inspection and health check, and it also passed an MOT test on 29 September 2023. However, by their own admission, this issue 'could not reasonably have been foreseen or detected during the pre-delivery inspection'. What's more, the drive battery modules aren't something that are checked during an MOT test. As such, I'm not satisfied that the MOT test and pre-delivery inspection are therefore proof that a fault didn't exist at the point of supply.

The CRA assumes the fault was present unless CAF can show otherwise, and, as I've said, what CAF are relying upon doesn't show this. CAF also haven't provided anything, for example an independent engineer's report, that shows the battery issue wasn't present or developing when the car was supplied. As such, I'm satisfied it was, and therefore CAF are liable for this.

Section 24(5) of the CRA says "*a consumer who has ... the right to reject may only exercise [this] and may only do so in one of these situations – (a) after one repair or replacement, the goods do not conform to contract.*" This is known as the single chance of repair. And this applies to all issues with the goods, and to all repairs i.e., it's not a single chance of repair for the dealership AND a single chance of repair for CAF – the first attempted repair is the single chance at repair. What's more, if a different fault arises after a previous repair, even if

those faults aren't related, the single chance of repair has already happened – it's not a single chance of repair per fault.

While the car was returned to Mr D on 19 December 2024, by 5 December 2024 he was complaining about further battery issues. The dealership investigated this on 20 January 2025 and discovered that additional battery modules had failed. This means the single chance of repair failed, and this gave Mr D the right of rejection.

However, this didn't mean that Mr D was required to reject the car, and he was able to agree a further repair as an alternative remedy. Which is what he did.

Section 23(2) of the CRA states *"If the consumer requires the trader to repair or replace the goods, the trader must (a) do so within a reasonable time and without significant inconvenience to the consumer."* CAF's complaint response letter of 15 July 2025 confirmed that the second attempted repair was still in progress. Mr D was finally advised in August 2025 that the repair was completed but, when he came to collect the car, he found that this wasn't the case, and further work was needed.

Given this timescale, which could not be considered reasonable, it's arguable that CAF failed to comply with Section 23(2)(a) of the CRA. And, in these circumstances, Mr D should also be able to reject the car.

It wasn't until 10 September 2025 that Mr D was told the repairs had now been completed. However, by this point, Mr D had decided that he no longer wanted to keep the car and advised CAF of this. But rather than allowing Mr D to reject the car, which, as I've stated above, was his right to do, CAF allowed a VT, which cost Mr D in excess of £5,000.

When considering everything I've referred to above, I'm satisfied that CAF acted unreasonably by not allowing Mr D to reject the car, processing a VT instead, and they need to do something to put things right.

Putting things right

As, for the reasons already stated, CAF should've allowed Mr D to reject the car, they should treat the car as being rejected on the day the VT went through, refunding Mr D both the deposit he originally paid, and the amount he paid for VT.

Mr D has been able to use the car while it was in his possession. Because of this, I think it's only fair that he pays for this usage. However, as Mr D was suffering issues with the range of the car while he was awaiting the necessary parts and technician availability, I'm also satisfied his usage and enjoyment of the car has been impaired. Because of this, I also think it's fair that CAF refund some of the payments Mr D made.

The investigator has recommended that Mr D is refunded 20% of the payments he made between March and September 2024, to compensate him for the reduced range he had during this period; 70% of the payments he made between December 2024 and May 2025, to compensate him for the severely reduced range he had during this period; and 100% of the payments he made from June 2025 until the car was returned to CAF, as Mr D had no use of the car or a courtesy car during this period.

For the remaining periods of his ownership, Mr D was either able to use the car without any significant reduction in range, or he was provided with a courtesy car, so it's only fair that he pays fully for this usage.

Having considered this recommendation, I think this falls in line with our service's approach to awards of this nature, and it's in line with what I would've directed, had it not already been put forward. So, this is a payment I'm directing CAF to make.

Therefore, if they haven't already, CAF should:

- treat the agreement as being ended by the car being rejected, instead of by a VT, on the date the VT went through;
- remove any adverse entries relating to this agreement from Mr D's credit file;
- refund the deposit Mr D paid (if any part of this deposit is made up of funds paid through a dealer contribution, CAF is entitled to retain that proportion of the deposit);
- refund the VT amount Mr D paid;
- refund monthly payments in line with the schedule detailed above; and
- apply 8% simple yearly interest on the refunds, calculated from the date Mr D made the payments to the date of the refund[†].

[†]If HM Revenue & Customs requires CAF to take off tax from this interest, CAF must give Mr D a certificate showing how much tax they've taken off if he asks for one.

My final decision

For the reasons explained, I uphold Mr D's complaint about CA Auto Finance UK Ltd. And they are to follow my directions above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 24 March 2026.

Andrew Burford
Ombudsman