

The complaint

Mrs H complains that a car supplied under a hire agreement with Mitsubishi HC Capital UK PLC trading as Novuna Vehicle Solutions (Novuna) was of unsatisfactory quality.

What happened

In May 2025, Mrs H entered a hire agreement for a new car with Novuna, and the car was supplied the following month. She paid an initial rental of £2,883.31, which was to be followed by 23 rental payments of £240.28. The car was supplied with a mileage of 132.

The day the car was delivered, a warning message displayed on the dashboard stating the parking brake had a fault and required repair. Mrs H says the brake failed to engage until she restarted the engine, after which it locked and couldn't be disengaged. Mrs H contacted the manufacturer who arranged an emergency breakdown service. The breakdown service ran a diagnostic scan which displayed several faults, including a fault with the parking brake, and recommended that the car be recovered to the dealership for inspection.

A week after the car was supplied, Mrs H contacted Novuna to exercise her right to reject it under the Consumer Rights Act 2025 (CRA). She said the car had a fault which rendered it of unsatisfactory quality.

Novuna arranged a further diagnostic test, which didn't show any faults with the car. The dealership carried out a road test and said the parking brake was working without any problems. Because no faults were found, Novuna said Mrs H didn't have the right to reject the car. Mrs H maintained that she wanted to reject the car so didn't collect it.

A complaint was referred to this service. Mrs H said she was incurring significant costs as a result of Novuna's decision – as she was still paying to insure the car despite having no use of it. One of our Investigators considered the complaint and upheld it. They said although the dealership had been unable to replicate the fault, they were satisfied there was enough evidence to show there was one. They said this rendered the car of unsatisfactory quality. As Mrs H had exercised her short-term right to reject, our Investigator said Novuna should end the agreement and refund the payments she'd made since the point of supply. They also recommended that Novuna pay Mrs H £200 compensation.

Novuna didn't accept the Investigator's conclusions. In summary, it didn't think there was enough evidence to demonstrate a fault. It said the breakdown report was only a suspected diagnosis – and that if there was a fault this would have been identified by the dealership after the car was recovered. Our Investigator wasn't minded to change their view on the matter, so the complaint has been passed to me to decide.

I wrote to both parties outlining that I'd reached the same overall conclusions as our Investigator – for the same reasons. I clarified that as Mrs H effectively had no use of the car from the point of supply, the refund of rental payments should include the initial rental in full.

Mrs H didn't comment further. Novuna replied reiterating its response to our Investigator's view. It also said it's willing to arrange an independent inspection of the car. I've considered

this and have now reached a decision on the matter.

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.

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 decision on the balance of probabilities – what I think is more likely than not 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. Mrs H was supplied with a car under a hire agreement. This is a regulated consumer credit agreement which means I can consider a complaint about it.

The CRA covers agreements such as the one Mrs H entered into. Under this agreement, there is an implied term that the goods supplied will be of satisfactory quality. The CRA says that goods will be considered of satisfactory quality where they meet the standard that a reasonable person would consider satisfactory – taking into account the description of the goods, the price paid, and other relevant circumstances. I think in this case those relevant circumstances include, but are not limited to, the age and mileage of the car and the cash price. The CRA says the quality of the goods includes their general state and condition, as well as other things like their fitness for purpose, appearance and finish, freedom from minor defects, safety, and durability.

So, if I thought the car was faulty when Mrs H took possession of it, or that the car wasn't sufficiently durable, and this made the car not of a satisfactory quality, it'd be fair and reasonable to ask Novuna to put this right. While I recognise Novuna has made reference to another decision made by this service, I've considered Mrs H's complaint on its own merits and based on its individual circumstances. So, my decision won't be impacted by any decision made on a different complaint, no matter how similar Novuna feels the situation is.

In this case, the car was brand-new. So, I think a reasonable person would expect it to be in perfect working order and free from defects – even minor ones – when it was supplied.

I've considered – on the balance of probabilities – whether it's likely that the car had a fault as described by Mrs H when it was supplied to her. Mrs H says the car displayed a parking brake warning on the day it was delivered, and that after restarting the engine the brake failed to disengage. She's provided consistent testimony around this, as well as a photo of the dashboard warning.

I've been provided with two diagnostic reports – the first from the breakdown service who attended Mrs H's address (and eventually recovered the car), and another from the dealership.

The first report is dated 18 June 2025 (the date of supply) and lists a mileage of 132. It includes the following comment:

“PLEASE NOTE ANY DIAGNOSIS MADE BY OUR PATROLS IS A SUSPECTED DIAGNOSIS AND THEREFORE SHOULD BE VERIFIED BY YOUR REPAIRING GARAGE PRIOR TO ANY WORK BEING COMPLETED, OR PARTS BEING ORDERED (IF APPLICABLE)”

- *Car has many codes in (breakdown service) scan cust was pushed into signing for car before even driven advised (sic) cust to return cwr (sic)”*

The report goes on to list the fault codes identified by the scan. There were 23 fault codes in total across multiple systems including the engine, gearbox and central electronic unit. Of particular relevance here are the following codes relating to the brake system:

- U1262, Communication with the distance alert ECU – Invalid data received, Permanent
- C141C, Right-hand motorised brake calliper control – Electrical fault – Open circuit, Permanent
- C1549, Electric parking brake. Right actuator – Actuator jammed open, intermittent

Another breakdown report dated 2 July 2025 – also listing a mileage of 132 – states that the car has been recovered to the dealership.

I've also seen a diagnostic report carried out by the dealership. This report is dated 9 July 2025 and again lists a mileage of 132. The dealership was unable to replicate the fault, and after carrying out a scan found no record of any fault codes. The report states that numerous road tests were carried out and that the parking brake was working as normal.

I've thought about what Novuna has said here. But taking into account the contents of both reports as well as the other evidence I've seen, I find it more likely that Mrs H did experience the fault that she described. I'll explain why.

As I've noted, Mrs H has provided consistent testimony about the problem she experienced – as well as a photo of the dashboard stating that the parking brake has a fault. The breakdown service advised Mrs H to return the car, and arranged to tow it to the dealership two weeks later. I don't think they'd have been likely to do this if the car was working as it should. The odometer shows that the car wasn't driven at all between when it was delivered and when it was tested by the dealership. This was a new car, and I find it highly unlikely that Mrs H would have gone to the trouble of arranging a breakdown service, having the car recovered to the dealership and not driving it at all from the point of supply if she hadn't experienced the fault she described. Mrs H continued to make payments towards the agreement and paid to have it insured while also arranging alternative transport. Again, I find it unlikely she'd have done this if there wasn't a problem.

I acknowledge Novuna's point that the breakdown service only provided a suspected diagnosis which wasn't conclusive, and that the dealership found no evidence of a fault despite carrying out a more in-depth investigation. While this is true, the breakdown report includes a list of fault codes stored in the car – including a fault code consistent with the problem Mrs H had reported. The relevant fault code is also marked as 'intermittent' – which may explain why the dealership was unable to replicate it. Although the dealership found no fault codes, I don't think the breakdown report would have listed so many faults if they weren't present in the diagnostic scan carried out at the time. It seems plausible that the fault codes were cleared – either by the breakdown service or the dealership – during the three week period between the two diagnostic scans. While a fault code alone doesn't necessarily mean the car was faulty, taken alongside Mrs H's testimony and the photo she's provided I'm satisfied there was a fault. I don't think the fact the dealership couldn't identify or replicate the fault shows that there wasn't one.

Novuna has offered to arrange an independent inspection of the car. While I've considered this, I'm conscious that more than eight months has passed since Mrs H reported the fault – and I understand the car hasn't been driven since then. So, the car won't be in the same

condition as it was when Mrs H first reported the problem. I also understand the car has been with Novuna for the majority of the time since the fault was reported. So, if Novuna intended to arrange an inspection it could have done so at the time. And I've already explained why I'm satisfied Mrs H did enough to demonstrate the fault she experienced – even if the dealership was unable to replicate it. I don't think an independent inspection more than eight months later would be beneficial in this case or affect my conclusion that the car had a fault on the day it was supplied – especially given the seemingly intermittent nature of the fault.

So, taking all of the evidence into account I'm persuaded – on balance – that Mrs H experienced a fault with the parking brake on the day the car was supplied. I don't think a reasonable person would expect a brand-new car to be supplied with a fault that affected the operation of the parking brake – or that it would show signs of faults before even being driven. In this case the fault presented itself immediately before Mrs H had any use of the car. On this basis, I'm satisfied the car was of unsatisfactory quality at the point of supply.

Putting things right

The CRA says a consumer can exercise their short-term right to reject a car within 30 days of supply if it's of unsatisfactory quality. Mrs H said she wanted to reject the car a week after it was supplied. As I'm satisfied the car wasn't of a satisfactory quality, it follows that Novuna should have allowed her to exercise her right to reject it. Novuna should now end the agreement at no further cost to Mrs H. I understand the car has already been collected – but if it hasn't Novuna should now do so at no cost to Mrs H.

Mrs H said she had no use of the car at all as the fault presented itself immediately after supply. The fault related to the parking brake – an essential component of the car. Given that Mrs H experienced a fault before even driving the car, I can understand why she lost confidence in it. While I appreciate the dealership said the car could be driven, Mrs H had already made clear that she wanted to reject it by that point – so I find it reasonable that she didn't continue to drive it. And I can see that no miles were driven from the date of delivery to the date the car was recovered to the dealership. So, I'm satisfied Mrs H didn't have any use of the car. On this basis I find it fair that her initial rental should be refunded in full – along with any payments made towards the agreement since it started.

Mrs H says she incurred other costs. Specifically, she continued to pay for the car to be insured – as well as GAP insurance. She's also had to arrange a hire car at her own cost while waiting for the matter to be resolved and purchased parking vouchers for that car. While I've considered these costs, I don't require Novuna to reimburse them. It was a legal requirement – and a requirement of the hire agreement – that Mrs H keep the car insured. Mrs H ultimately benefited from the insurance, as it protected her from any liability should the car have been damaged by a third-party during the course of the agreement. And, if Mrs H hadn't been supplied with a car that wasn't of a satisfactory quality she would've paid to insure a different car instead. As I'm already requiring Novuna to refund Mrs H's monthly payments, I don't require it to refund her hire car expenses as well – as doing so would effectively mean Mrs H has had use of a car at no cost to herself.

It's clear that Mrs H has been inconvenienced as a result of being supplied with a car that was of unsatisfactory quality. She had to arrange for a breakdown service and subsequent recovery – and she's had to make alternative transport arrangements for a period of several months. She's also described the level of stress caused by the situation – and I think it's fair to say that experiencing a fault with a new car on the day it was supplied would have caused some disappointment. This wouldn't have happened had Mrs H been supplied with a car that was of a satisfactory quality. So, I think Novuna should pay her £200 compensation to reflect the distress and inconvenience caused.

So, Novuna should:

- End the agreement ensuring Mrs H is not liable for any further payments;
- if it hasn't already, collect the car at no additional cost to Mrs H;
- remove any adverse information recorded on Mrs H's credit file in relation to this credit agreement;
- refund the initial rental payment of £2,883.31 in full;
- refund all rental payments Mrs H made under the agreement since the car was supplied;
- apply 8% simple interest per annum to the above refunded amounts, calculated from the date Mrs H made the payments to the date of settlement[†]; and
- pay Mrs H an additional £200 to compensate her for the distress and inconvenience caused by being supplied with a car that wasn't of a satisfactory quality.

[†]If Novuna considers that tax should be deducted from the interest element of my award, it should provide Mrs H with a certificate showing how much it has taken off so she can reclaim that amount, if she is eligible to do so.

My final decision

My final decision is that I uphold Mrs H's complaint. I require Mitsubishi HC Capital UK PLC trading as Novuna Vehicle Solutions to carry out the directions outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 27 March 2026.

Stephen Billings
Ombudsman