

The complaint

Mr G complains that the car he acquired through a credit agreement with CA AUTO FINANCE UK LTD (“CA AUTO”) wasn’t of satisfactory quality. He wants to reject the car and have the credit agreement cancelled.

What happened

Mr G entered a PCP agreement in November 2024 to acquire a used car. The cash price of the car was £42,700, and after taking account of the advance payment of £4,000, the total credit provided was £38,700. The credit agreement was set up over a term of 49 months, with monthly payments of £653.77 and if it ran to term, the total amount repayable with the final optional payment would be £55,386.96. At the time of the acquisition, the car was more than four years old and had been driven around 50,000 miles.

The details of this complaint are extensive, but are known to both parties, so I’m only going to summarise the key points here. Mr G told us:

- Shortly after acquisition, an engine management light illuminated (EML), and the matter was resolved by the supplying dealership, and he had trouble-free driving for a couple of months;
- the next issue to present was that the car lost power and the engine cut out whilst it was being driven. The supplying dealership suggested Mr G use a local garage and make a claim on his warranty;
- the garage – associated with the manufacturer – undertook diagnostics and said there was an issue with the gearbox and vacuum line with repairs estimated to cost around £5,000;
- he sought a second opinion which was inconclusive, but he was told that the car was not running as it should be;
- further testing found the AdBlue control panel was unplugged, and when it was plugged in again, the EML that had previously illuminated, lit up again, showing that the original fault had not been remedied properly;
- the car has now been repaired and is working normally, but there was a period of more than three months when it couldn’t be used;
- he’s spent more than £600 on diagnostics and testing, and had to have the car towed to the supplying dealership at a cost of more than £200;
- he’s lost faith in the supplying dealership – he’s not convinced the issues with the AdBlue and Nox sensors have been corrected;
- this has caused a huge amount of stress, and he’d like to reject the car.

CA AUTO said it could not accept Mr G’s request to reject the car. It explained that it had spoken with the supplying dealership about the matter and Mr G’s version of events was disputed; there’d been no failed repair of the EML, and no evidence that the AdBlue unit had been unplugged.

CA AUTO said that as all repairs appeared to have been carried out and the car was running as it should, rejection wasn’t something it could accept. But it did say that if further faults

presented, Mr G should get in touch with it again. CA AUTO recognised that Mr G had not had use of the car for a period of time, and it offered him £980.66; a 75% refund of two monthly payments.

Mr G rejected CA AUTO's offer and brought his complaint to this Service. He said the offer was unfair. Its proposal only covers a small amount of the costs he's incurred in trying to get the matter resolved. And it doesn't take account of the physical and emotional distress caused to his family.

Our Investigator looked at this complaint and said he thought it should be upheld. He explained the relevance of the Consumer Rights Act 2015 ("CRA") in the circumstances of this complaint and said he thought the car that had been supplied by CA AUTO had not been of satisfactory quality. And he based this on the large amount of correspondence that he'd seen between Mr G and the supplying dealership.

Our Investigator noted that the repairs to the car had now been completed, and Mr G had confirmed that the car is now driving fine, so he said rejection of the car wasn't the appropriate remedy here. But he did say he thought CA AUTO needed to do more because of the problems Mr G had faced when it supplied a car that was not of satisfactory quality.

Our Investigator recommended CA AUTO refund Mr G for the full period when he was unable to drive the car; reimburse him the direct costs he'd incurred in getting this matter remedied; and pay him some compensation for the distress and inconvenience caused.

Mr G accepted our Investigator's recommendations. CA AUTO did not, so the complaint comes to me to decide.

CA AUTO forwarded the supplying dealership's response to this Service. In summary it said that the towing costs were a choice Mr G had made, and it had been willing and able to undertake the necessary diagnostics.

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.

As the hire purchase agreement entered into by Mr G is a regulated consumer credit agreement this Service is able to consider complaints relating to it. CA AUTO is also the supplier of the goods under this type of agreement, and it is responsible for a complaint about their quality.

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

Satisfactory quality is what a reasonable person would expect – taking into account any relevant factors. The relevant law also says that the quality of the goods includes their general state and condition, and other things like their fitness for purpose, appearance and finish, freedom from minor defects, safety, and durability can be aspects of the quality of the goods. In this case, I would consider relevant factors to include, amongst others, the car's age, price, description and mileage.

The CRA also says that, where a fault is identified within the first six months, it's assumed the fault was present when the car was supplied. But if the fault is identified after the first six

months, then it's for Mr G to prove the fault was present when he first acquired it.

Both parties seem to accept that the car was not of satisfactory quality when supplied, and I'm in full agreement with this. The evidence supplied by Mr G along with his lengthy correspondence with the supplying dealership support his position. But I've also noted that the car has been repaired, and I understand there's been no further issues to date, so rejection of the car is no longer appropriate.

So I've gone on to consider whether CA AUTO needs to do anything more to fairly settle this complaint.

I've considered very carefully the comments from both parties, and I've looked closely at the detailed testimony from Mr G detailing the issues he experienced with the car; the diagnostics he had to arrange; and the other consequential costs he's incurred. And, having done so, I've reached the same conclusion as our Investigator – I think his recommendations for settling this complaint are fair and reasonable in all the circumstances of it.

I understand the position taken by CA AUTO, via the supplying dealership, that it could've undertaken the diagnostics itself thereby eliminating these costs. But I have to tell CA AUTO that I believe any reasonable and fair-minded person, having seen the messages between Mr G and the supplying dealership, and having read about his ongoing frustrations with them, would simply conclude that he no longer had faith in the dealership to do the right thing and to do it properly and competently. In short, that relationship had clearly broken down, and I don't think his decision to obtain diagnostics from a third-party specialist was unreasonable in the circumstances. I'm therefore going to direct CA AUTO to refund these costs.

I'll also ask CA AUTO to make sure that Mr G receives a full refund of his monthly payments for the *entire* period when he was unable to drive the car, which I believe was from 22 January to 10 May 2025. And I'm also going to direct CA AUTO to pay Mr G some compensation for the emotional and physical distress he talked about.

Putting things right

If it has not already done so, I direct CA AUTO FINANCE UK LTD to:

- Refund Mr G all his monthly payments for the period 22 January 2025 to 10 May 2025 in recognition of his impaired use of the car.
- Reimburse Mr G his direct costs associated with testing and diagnostics to identify the issues with the car. I understand this to total £811.03.
- pay 8% simple interest on all refunded amounts calculated from the date of payment until the date of settlement*.
- Pay £300 compensation to Mr G to address the distress and inconvenience he's suffered in all the circumstances of this complaint.

*HM Revenue and Customs may require tax to be deducted from this interest. A certificate showing how much tax has been taken off must be provided if requested.

My final decision

My final decision is that I uphold this complaint and require CA AUTO FINANCE UK LTD to settle this complaint as I've set out above.

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

Andrew Macnamara
Ombudsman