

The complaint

Mr P is unhappy that a car supplied to him under a hire purchase agreement with CA Auto Finance UK Ltd (CAAF) was not of satisfactory quality.

When I refer to what Mr P has said and what CAAF have said, it should also be taken to include things said on their behalf.

What happened

Mr P entered into a hire purchase agreement with CAAF in April 2024 for the supply of a van. The van was approximately seven years old and had travelled 87,760 miles at the time of supply. The cost of the van was £12,696 and Mr P had to make 59 payments of £289.31, followed by a final payment of £299.31.

Mr P experienced a number of issues with the van and delays in getting them sorted. These are detailed in my considerations below. Additionally Mr P's complaint has at times focused upon whether the van was of satisfactory quality, misdescribed or whether CAAF dealt with him with appropriate forbearance. He also has a complaint registered with another accredited ADR provider. I will deal with the scope of the complaint that I am considering later in my decision. As Mr P was not happy, he complained to CAAF.

On 30 May 2025 CAAF issued their response to Mr P's complaint. They did not uphold the two elements of the complaint he had made to them, namely the van was misdescribed and not of satisfactory quality. The misdescription related to the van being ULEZ and Euro 6 compliant. They did not uphold this element of Mr P's complaint. This was due to no issue being raised in the first six months after supply and several inspections (including an MOT) highlighting no issue. The second element related to the van not being of satisfactory quality and Mr P wanting to be recompensed for loss of earnings. They did not uphold this element of his complaint due to the age of van at the point of supply, the fact that they felt that Mr P had not shown the fault was there at the time of purchase and the contract did not provide for loss of earnings during any repair time. They did offer Mr P one month's payment as a goodwill gesture. As Mr P was still not happy, he complained to us.

On 13 November 2025 our investigator issued their view. They clarified that they were not considering the quality aspects of Mr P's complaint as this was now being dealt with by another resolution service. Their opinion related to forbearance, credit file reporting and how his complaint was handled by CAAF. They clarified that as they could not see that Mr P had raised the forbearance complaint formally with CAAF, we could not consider it as our rules requires CAAF be given eight weeks to resolve. As for the way his complaint was handled by CAAF this is not a regulated activity, and we have no power over it.

Mr P was not happy with the investigator's response. He provided a detailed breakdown of the loss of earnings, plus additional responses. He also stated that he felt it was unfair that there were markers on his credit file as they were only there due to the financial impact of him not having access to the van for work.

On 18 November 2025 our investigator requested clarification as to which elements Mr P required escalation to an Ombudsman - the element relating to quality or forbearance. As the forbearance element hadn't been through CAAF's complaints processes, we would require their permission to consider it at the same time as quality.

Mr P confirmed that he would like both elements considered at the same time, however on contact CAAF confirmed that they were not willing to have the forbearance element considered until it had been through their complaint system.

On 8 December 2025 the investigator issued an updated view. They felt that the van was not of satisfactory quality but as it had been repaired at no expense to Mr P and CAAF had now offered £578.62 compensation they felt that CAAF need do no more. They also noted that the contract provided for no loss of earnings.

Mr P was not happy with the investigator's decision and supplied further information.

After considering this our investigator issued a new view on 11 December 2025. Whilst not substantially changing their rationale they did uphold Mr P's complaint and felt that Mr P should not have to make payments whilst the van was off the road. They directed CAAF to:

- Pay a refund of the payments for when the van was off the road,
- Pay 8% simple yearly interest on these refunded amounts from the date of payment to the date of settlement,
- Pay a further refund of £576.62 as previously set out.

As Mr P still wished to pursue for loss of earnings he did not agree with the investigator's view. As he did not agree it has been referred to 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.

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.

I want to assure both parties that whilst I have summarised evidence in setting out my considerations I have read all documents and evidence supplied as part of our investigation.

Mr P was supplied with a vehicle under a hire purchase agreement. This is a regulated consumer credit agreement which means we are able to investigate complaints about it.

As Mr P was supplied the van primarily for business use, he would not be covered by the provisions of The Consumer Rights Act 2015 (CRA).

Section 2 of the CRA states that a consumer means an individual acting for the purpose that are wholly or mainly outside of that individuals trade, business, craft or profession. Mr P was clear that this van was supplied for him to work as a courier.

There are two potentially applicable parts of legislation that apply in this case.

The first is Section 14 of the Sale of Goods Act 1979 (SOGA) and it states where the seller sells goods in the course of a business, there is an implied term that the goods supplied under the contract are of satisfactory quality.

(2A) For the purposes of this Act, goods are of satisfactory quality if they meet the standard that a reasonable person would regard as satisfactory, taking account of any description of the goods, the price (if relevant) and all the other relevant circumstances.

(2B) For the purposes of this Act, the quality of goods includes their state and condition and the following (among others) are in appropriate cases aspects of the quality of goods—

(a) fitness for all the purposes for which goods of the kind in question are commonly supplied,

(b) appearance and finish,

(c) freedom from minor defects,

(d) safety, and

(e) durability.

Year:

The second potentially applicable Act is the Supply of Goods (Implied Terms) Act 1973. Section 11 of the Act states:

Where the creditor bails or hires goods under a relevant hire-purchase agreement in the course of a business, there is an implied term that the goods supplied under the agreement are of satisfactory quality.

(2A) For the purposes of this Act, goods are of satisfactory quality if they meet the standard that a reasonable person would regard as satisfactory, taking account of any description of the goods, the price (if relevant) and all the other relevant circumstances.

(2B) For the purposes of this Act, the quality of goods includes their state and condition and the following (among others) are in appropriate cases aspects of the quality of goods—

(a) fitness for all the purposes for which goods of the kind in question are commonly supplied,

(b) appearance and finish,

(c) freedom from minor defects,

(d) safety, and

(e) durability.

In essence both Acts of Parliament provide for almost identical implied terms and remedies, so it isn't necessary for me to go into great detail as to which is the most applicable in these circumstances.

So it seems likely that in a case involving a vehicle, the other relevant circumstances a court would take into account might include things like the age and mileage at the time of sale and the vehicle's history.

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. Where goods are second hand, as in this case, due regard must be had to the price, age and any description applied to the vehicle.

Both Acts also set out that an element of satisfactory quality includes “fitness for all the purposes for which goods of the kind in question are commonly supplied”

Mr P has confirmed that he has a live complaint with another ADR provider relating to the manufacturer recall, warranty and repair process. Also, as Mr P has a separate complaint in concerning forbearance that may end up being referred to us, I cannot consider that element.

The scope of my consideration is purely focused on whether the van as supplied was of unsatisfactory quality and whether CAAF have discharged their liability if it was.

In terms of my decision, it will be on the basis of the balance of probabilities. For business contracts there is no reverse burden of proof, again, as this is a right afforded to consumers only. This means that if a fault appears in the goods the buyer would have to prove both the fault and that it was present at time of sale.

When a consumer enters into a contract with a business for goods or services, it is usually implied that goods match their description, are of satisfactory quality, fit for their intended purpose and that services are carried out as agreed and with reasonable care and skill. The same rules apply for Business-to-Business contracts although more emphasis is placed on the associated Terms and Conditions, as businesses are assumed to be contracting on a more equal business than where it is a Consumer-to-Business contract.

So, if I thought the vehicle was faulty or not fit for purpose when Mr P took possession of it and this made the vehicle not of a satisfactory quality, it'd be fair and reasonable to ask CAAF to put this right.

Our investigator set out a clear timetable in issuing their view and as it is a reasonable summary it is reproduced below:

May 2024

- *The vehicle was booked in for a wet belt replacement in terms of the Ford recall, and a new wet belt was fitted at Ford's expense*

July 2024

The vehicle health check identified issues with:

- *The wire harness which holds the wires in the van together*
- *Worn brake pads*
- *Perished rear bump stops*
- *Brake fluid needing a change*
- *An oil leak from the gearbox needed to be assessed*

1 October 2024

A diagnostic carried out by a testing station identified issues with:

- *Fault codes showing an issue with the engine oil level*
- *The dashboard display showing an issue with the control module*

11 October 2024

- *A service was carried out on the van where the oil filter, the fuel filter, the air filter and the sump plug were replaced*

9 January 2025

A diagnostic carried out by a testing station identified issues with:

- *Various fault codes were identified*

16 January 2025

A diagnostic on the engine was carried out. Additionally a new ABS sensor and fuel filter were fitted. The fault codes identified previously were reset

2 March 2025

The van lost power and had to be towed to a testing station where repairs took place on 11 March 2025

11 March 2025

The diesel particulate filter and intercooler were cleaned and the air filter replaced. This was due to a failed turbo charger which was replaced

16 April 2025

- *Engine replacement due to a wet belt failure – at Ford's expense*

16 May 2025

- *Multiple oil leaks*

21 May 2025

- *Coolant hose failure*

Mr P was supplied with a van that was approximately seven years old and had travelled 87,760 miles. This means that it would be expected to be in a reasonable condition for a vehicle of that age and mileage, including wear and tear. That said the fact that the van was subject to a recall within around a month for a wet belt failure shows that there was an agreed fault present at the time of supply. The engine replacement that took place in April 2025 at the manufacturer's expense is enough to show me that the initial repair hadn't worked and that made the car of unsatisfactory quality at the time of supply.

The other issues that Mr P has identified as faults with the van could be construed as being fair wear and tear on a van of the age and mileage Mr P was supplied with. There is no evidence presented to show that these faults were anything other than fair wear and tear, such as an independent expert inspection.

So having decided that the van is of unsatisfactory quality I need to consider what CAAF need to do to put things right. The recall work and engine replacement were undertaken at the expense of the manufacturer. However, Mr P should not have to pay for the times that the van was off the road being repaired, where the repairs relate to the recall and failure of

the repair undertaken then. Namely 13 May 2024 to 5 July 2024 (recall) and 13 March 2025 to 16 April 2025 (engine replacement).

Mr P is seeking considerable levels of damages/compensation for loss of earnings for when the van was off the road. It is rare in cases of goods being of unsatisfactory quality that I would consider a loss of earnings claim.

Whilst there are implied terms, which I will cover later, the starting point are the express terms of the contract as these carry more weight with a business-to-business contract. It is clear in reading through the contract that there is no specific term that would give rise to Mr P being able to claim for loss of earnings should the car be off the road for any period of time due to it being not of satisfactory quality or otherwise not fit for purpose.

Without the express term Mr P must fall back on the implied terms and that as a result of the van not being of satisfactory quality he would be entitled to claim for loss of earnings. For Mr P to successfully set out this claim he would need to show that not only was the loss the direct result of the van being of unsatisfactory quality, but that CAAF should have reasonably foreseen the loss and were at fault.

The law does see business-to-business contracts being negotiated on a more equal footing than pure consumer contracts and would expect both parties to take steps to mitigate risks to themselves. For example, if the use of the van was fundamental to Mr P's earnings, he could have stipulated that in the contract to take away any ambiguity. Being supplied with a van that had travelled 87,760 miles it is reasonably foreseeable that it will be off the road for routine maintenance over the next few years.

I have already said that the van was not of satisfactory quality due to the recall for work on the wet belt and the fact that the repair failed. The agreement for supply was for a van, which clearly means that CAAF should be reasonably aware that it was for business use. But is that sufficient for CAAF to reasonably foresee that any failure in the van would lead to the level of loss of earnings that Mr P is claiming.

The van was initially off the road for recall work. During this period Mr P was offered a replacement van. I can see from the evidence file that the replacement van was not suitable for his job as a delivery courier as it was a short wheel-based van. Mr P's work required him to have minimum of a medium wheel-based, but ideally a long wheel-based van. Using financial services will not always be totally hassle free and whilst it is reasonable that CAAF could foresee some level of loss as a result of the van being of unsatisfactory quality would it be reasonable to hold them to account for the fact that the offered courtesy vehicle did not match Mr P's specific work requirements if these were not made clear to them at the time of supply? In essence CAAF were aware that Mr P's van was for business use. The fault lies with a manufacturer's recall it would be reasonable for them to expect a courtesy van to be offered, which it was. It would be reasonable for them to expect a short wheel-based van to be a suitable short term replacement vehicle.

Whilst there is merit to Mr P's argument, and he is free to pursue it through the Court system I am not convinced that he has proved his claim for loss of earnings against CAAF. However, he is entitled to some level of compensation and the offer of £576.62 is in line with what we would recommend in these circumstances.

My decision is that due to the failed repair of the recall the van is not of satisfactory quality, so I uphold this complaint. However, I do not find that there is sufficient evidence produced to show that Mr P would be entitled to claim loss of earnings from CAAF.

Putting things right

I uphold Mr P's complaint against CAFF and to put things right they need to:

- Pay a refund of the payments for when the van was off the road namely £513.54 (13 May 2024 to 5 July 2024) and £332.85 (13 March 2025 to 16 April 2025),
- Pay 8% simple yearly interest on these refunded amounts from the date of payment to the date of settlement,
- Pay a further refund of £576.62 as previously set out.
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My final decision

My final decision is that I do uphold this complaint against CA Auto Finance UK Ltd. To put things right they must follow the redress as outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 22 March 2026.

Leon Livermore
Ombudsman