

The complaint

Mr H complains about the quality of a car he acquired under a personal contract purchase agreement with CA AUTO FINANCE UK LTD (CA Auto).

When I refer to what Mr H and CA Auto said or did, it should also be taken to include things said or done on their behalf.

What happened

In October 2023, Mr H entered into a personal contract purchase agreement with CA Auto to acquire a used car. The car was first registered in February 2019. At the time of acquisition, the car had travelled approximately 39,267 miles. The cash price of the car was approximately £25,990 when Mr H acquired it. There was an advance payment of £2,500. The duration of the agreement was 60 months. There were 37 monthly repayments of £387.75 and a final repayment, together with an option to purchase fee and administration fee, of £16,308.

Mr H said that in December 2023, the car suffered a traction battery fault, became completely inoperable, and had to be towed to a main dealer for his car make. During the repair, the main dealer discovered that the car had an aftermarket battery fitted which is underpowered and unsuitable for the car. As such, Mr H said the car was defective from the beginning. Along with these issues, he also had to pay £911.10 to replace both the start-up and the auxiliary batteries.

In March 2024, the same traction battery fault occurred again. The car again became inoperable and required towing. The HV module was replaced, and a faulty driver's window regulator was also discovered and replaced. In December 2024, the car developed a third traction battery fault, along with charging system and high-voltage system faults. In addition, a leak appeared in the driver's footwell, allowing water ingress during heavy rain, showing the car was deteriorating further.

Mr H said that he called the supplying dealership to let them know the car had broken down and to seek a resolution from them. However, he said, the supplying dealership made no attempt to investigate the issues or take any responsibility for the faults identified and, he said, he was not advised of his rights/options.

On 16 May 2025, CA Auto wrote to Mr H. In this correspondence they said, as he proceeded with repairs independently and without consulting the supplying dealership, they are unable to accept liability. Furthermore, they said, given the length of time since supply, Mr H should contact the dealership directly to allow them to inspect the car and determine if they can assist with any required repairs. CA Auto said they are unable to uphold his complaint.

Mr H remained unhappy with the above. As such, his complaint was considered by us, the Financial Ombudsman Service (Financial Ombudsman).

Our investigator looked at the complaint and upheld it. The investigator was of the opinion that the car was of unsatisfactory quality and Mr H should be entitled to reject the car. They explained what CA Auto should do to put things right.

CA Auto did not accept the investigator's findings, so the complaint 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.

Where evidence is unclear or in dispute, I reach my findings on the balance of probabilities – which is to say, what I consider most likely to have happened based on the evidence available and the surrounding circumstances.

In considering what is fair and reasonable, I need to take into account the relevant rules, guidance, the law and, where appropriate, what would be considered good industry practice at the relevant time. Mr H acquired the car under a personal contract purchase agreement, which is a regulated consumer credit agreement. Our service can look at these sorts of agreements. CA Auto is the supplier of goods under this type of agreement and is responsible for dealing with complaints about their quality.

I have summarised this complaint very briefly, in less detail than has been provided, and largely in my own words. No discourtesy is intended by this. If there is something I have not mentioned, I have not ignored it. I have not commented on every individual detail. But I have focussed on those that are central to me reaching, what I think is, the right outcome. This reflects the informal nature of the Financial Ombudsman as a free alternative to the courts.

The Consumer Rights Act 2015 (CRA) covers agreements such as the one Mr 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.

In Mr H's case the car was about four years and eight months old, with a total cash price of approximately £25,990. It had covered around 39,267 miles. I would have different expectations of it compared to a brand-new car. However, given the age, mileage and price paid, I think it is fair to say that a reasonable person would have high expectations of it and would expect the quality of the car to be of a higher standard than a car which is more road-worn or has a lower price. Also, I think a reasonable person would expect it to be free from defects for a considerable period of time.

Mr H thinks that he should be entitled to reject the car.

The CRA sets out that Mr H has a short-term right to reject the car within the first 30 days, if the car is of unsatisfactory quality, not fit for purpose, or not as described, and he would need to ask for the rejection within that time. Mr H would not be able to retrospectively exercise his short term right of rejection at a later date.

The CRA does say that Mr H would be entitled to still return the car after the first 30 days, if the car acquired was not of satisfactory quality, not fit for purpose, or not as described, but he would not have the right to reject the car until he has exercised his right to a repair first – this is called his final right to reject. This would be available to him if that repair had not been successful.

First, I considered if there were faults with the car.

From the evidence on file, I can see that in December 2023, about two months after supply and when the car had travelled around 1,256 miles, it had a failed traction battery. In February 2024, the car needed a replacement window regulator. In March 2024 the car, again, broke down due to the same issues with the traction battery and, at that time, the main dealership replaced module 23 of the battery pack to resolve the fault in question. The battery issues kept persisting, as the same warning has come on the dashboard of the car again in December 2024. The warning on the dashboard of the car stated: “Ok to drive with caution Traction Battery fault detected”.

Based on all the above, I think the car was, most likely, faulty. But just because the car was faulty does not automatically mean that it was of unsatisfactory quality when supplied. As such, I have considered if the car was of unsatisfactory quality when it was supplied to Mr H.

Bearing in mind all the circumstances and evidence of the of this complaint, I think on balance, the car was of unsatisfactory quality. When coming to this conclusion, I kept in mind the price, age, and mileage of the car when supplied as well as when the faults first happened and what happened when they reoccurred. I also think that it is only fair and reasonable that now Mr H should be allowed to exercise his right to reject the car. I will explain further, but first I just want to summarise some of the points CA Auto have raised.

CA Auto have disagreed with the investigator’s assessment and, on a few occasions, have strongly reiterated their stance. They have provided many points, but I will summarise these very briefly here. They have said that because of when the problems with the car first happened, Mr H was the one that needed to provide more evidence to prove the car was not of satisfactory quality when it was supplied. They have said that the repairs which were carried out were unauthorised repairs, and that the supplying dealership should have been given an opportunity to investigate independently and repair. Generally, due to these arguments they did not think it would not be fair for Mr H to be allowed to reject the car now. Also, CA Auto believe that even if the car is considered of unsatisfactory quality, they should be allowed to take it in for a repair.

I have taken into consideration all the points they have made in full, not just the ones I have summarised above, and on many occasions, I would have agreed with CA Auto, that they should have been provided with the opportunity to investigate and provide repairs. However, based on the specific circumstances of this case, I do not think it would be fair and reasonable to do so in this instance. I will explain.

The car had experienced the first fault with the traction battery in December 2023. This was only about two months after its supply and when the car had only covered about 1,256 miles since it came into Mr H’s possession. At that time, the main dealer also discovered that the car had an aftermarket battery fitted, which was underpowered and unsuitable for the car in question. As such, I think most likely, this issue was present or developing at the point of supply. A traction battery is not generally considered a wear and tear item and as such, I think a reasonable person would expect it to last longer than it did. I think a reasonable person in similar circumstances, would expect the car to be free from defects for a considerable period of time, and the failure of the traction battery evidences the car was not durable.

In addition, I think the fault with the window regulator requiring replacement in February 2024 would render the car of unsatisfactory quality too. Again, considering how soon after supply this occurred, and the fact that this component is not generally considered a wear and tear item, I think a reasonable person would have expected this to have lasted significantly longer than it did (about four months since supply). Hence, I think it is most likely that this fault was also present or developing at the point of supply.

I know CA Auto feels that the repairs arranged by Mr H were unauthorised and, as I mentioned previously, I think generally in similar circumstances I would have agreed with CA Auto that they should have been provided with the opportunity to investigate and provide repairs. However, based on the specific circumstances of this case, I do not think it would be fair and reasonable to do so. When coming to this conclusion, I have considered that the battery component issues posed a safety concern, so it was not unreasonable for Mr H to quickly have the car recovered to the nearest main dealership for that car's make, only a few miles away from him, especially given the supplying dealer was a great distance away. I also kept in mind that he did try and contact the supplying dealership following the first breakdown, but they were not willing to help. Mr H said the call was very brief and the supplying dealership made no attempt to investigate the issue or take any responsibility for the faults identified and, he said, he was not advised of his rights/options. I have seen a copy of his phone showing this outbound call, and I have taken his testimony into consideration. Based on this, I think most likely, he did try and reach out for help to them. As such, it was not unreasonable for him to pay for the repair himself when he was getting nowhere with the supplying dealership. It is also not unreasonable that he took the car to the main dealer in March 2024, and again in December 2024, when the same fault occurred. I think most likely, based on the available evidence, Mr H did try and reach out to the supplying dealership, but as he got no assistance from them, it was not unreasonable for him to pay for the repairs that were needed himself.

Bearing the specific circumstances of this case, it is not unreasonable that now Mr H should be able to reject the car. He did try and allow the supplying dealership to attempt a repair, but they were unwilling to help. In addition, currently I do not think it would be fair and reasonable for them to investigate or repair the car as I think this would cause further delays and it would not be practical, timely, and reasonable.

When arriving at the above conclusions, I did also consider that Mr H, on all those occasions when the car needed a repair, did take the car to the main dealer. I think they would have been best placed/equipped to diagnose and rectify any faults specific to that car. They are the ones that are experienced in these particular cars. They are the ones that are the authorised service centre by the manufacturer of the car in question. They are the ones that have the correct and required tools designed for diagnosing their own make of cars; And they are the ones that have access to direct support from the manufacturer, if needed. Therefore, overall, I do not think that the supplying dealership would have been better equipped to resolve the faults in question, or that their repairs or investigation would have led to a materially different outcome. Again, they were not willing to help when Mr H called them. Now to allow the supplying dealership to diagnose and attempt a repair would cause further inconvenience and delays to Mr H. Ultimately, I do not think that would be fair and reasonable.

I think CA Auto should end the finance agreement. They should collect the car from wherever it is located without charging for the collection.

Mr H has been able to use the car, so I think it is reasonable he pays for this use. I know that CA Auto thinks they should be able to charge Mr H a certain amount per each mile the car had travelled in his possession, but I do not think that is a fair and reasonable way to

calculate the use Mr H had of the car. I think a more reasonable approach will be for CA Auto to keep all monthly repayments that were made and due up until 28 July 2025, when he stopped using the car. Mr H said it was then that he stopped using the car, as it was unsafe due to the ongoing unresolved faults and due to his concern for safety, and in fear of causing further damage to the car. As such, I considered that it was reasonable for him to stop using the car at that time and CA Auto should refund any payments received toward the agreement since 28 July 2025. Also, I do not think it would be fair and reasonable to ask CA Auto to refund him the rental car expenses that he has incurred as I am already asking them to refund the monthly repayments for the time he had no use of the car.

CA Auto should refund the advance payment of £2,500.

Upon proof of payment, CA Auto should refund Mr H the money he paid for the two repairs. I think it is fair and reasonable that he is refunded those amounts, as I do not think he would have incurred those costs had they supplied him with a car that was of satisfactory quality.

CA Auto should add interest to the refunded amounts from the date of each payment until the date of settlement. Interest should be calculated at 8% simple per year.

Any adverse information should be removed from Mr H's credit file, and the credit agreement should be marked as settled in full on his credit file, or something similar, and should not show as a voluntary termination.

I know that Mr H has mentioned this situation had an impact on him and had caused him a lot of distress and inconvenience while trying to resolve it. Mr H has explained, in great detail, how this has impacted him. He had to take the car to the garages and spend a significant amount of time trying to resolve this issue. I think Mr H would not have experienced all of this, had CA Auto supplied him with a car that was of a satisfactory quality. I think CA Auto should pay him a total of £300 in compensation to reflect the impact this situation had on him.

I know Mr H has also mentioned he had to spend money on tyres for the car. I do not know what thread was remaining on tyres at the point of supply, but, I have not been provided with enough evidence to be able to say that on balance they were not within the allowed safety standard at the time of supply. Also, considering that tyres are a wear and tear item and Mr H would have had a benefit from the tyres, I do not think CA Auto would be responsible for replacement of these.

My final decision

For the reasons given above I direct CA AUTO FINANCE UK LTD to:

1. End Mr H's finance agreement;
2. Collect the car from wherever it is located without charging for the collection;
3. Keep all monthly repayments that were due up until 28 July 2025. All other monthly repayments should be refunded;
4. Refund the advance payment of £2,500;
5. Upon proof of payment, CA Auto should refund Mr H the money he paid for the two repairs.
6. Add 8% simple interest per year to all refunded amounts, from the date of each payment to the date of settlement;
7. Pay Mr H a total of £300 compensation for distress and inconvenience caused;
8. Remove any adverse information recorded on Mr H's credit file in relation to this credit agreement. The credit agreement should be marked as settled in full on his credit file, or something similar, and should not show as voluntary

termination.

If CA AUTO FINANCE UK LTD considers that tax should be deducted from the interest element of my award, they should provide Mr H with a certificate showing how much they have taken off so he can reclaim that amount, if he is eligible to do so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 11 February 2026.

Mike Kozbial
Ombudsman