

The complaint

Mr C complains that a car acquired under a hire purchase agreement with CA Auto Finance UK Ltd trading as CA Auto Finance UK (“CAAF”) wasn’t of satisfactory quality when it was supplied to him. He wants to reject the car.

What happened

Both parties are familiar with the background of this complaint so I will only summarise what happened briefly here.

In June 2025, Mr C entered into an agreement to acquire a used car from a dealership (J). He used a credit broker to source a finance provider for him. He paid a deposit of £500, with the purchase balance being provided by CAAF under a hire purchase agreement. The car was six years old and had covered approximately 75,000 miles when the agreement started. The agreement was for 36 months, with 35 monthly repayments of £618.49 and an optional final payment of £15,280 if Mr C wanted to keep the car at the end of the agreement. The cash price of the car was £30,890.

Shortly after delivery, and within 30 days, the engine management light (EML) was illuminated and Mr C said the car cut out while he was driving along the motorway. Although the car restarted, Mr C had concerns with it and got in touch with J and CAAF to say he wanted to reject the car. He declined to take the car back to J for inspection, as he didn’t feel it was his responsibility to do so, and complained to CAAF.

CAAF didn’t uphold his complaint. They said J should have the opportunity to inspect the car and, if possible, provide repair. They said Mr C could arrange for an independent inspection to take place, although it wasn’t a requirement of his to do so. CAAF eventually arranged an independent inspection, and it took place in August 2025. The mileage of the car was approximately 78,500 when the inspection took place. The independent assessor concluded that the car had faults with the turbocharger and one of the windows wouldn’t close without manual intervention. He said the faults with the car would have been present or developing at the point of sale.

As CAAF still wouldn’t accept rejection of the car, Mr C brought his complaint to our service. Our investigator upheld Mr C’s complaint and said he should be able to reject the car. He said the report concluded the car wasn’t of satisfactory quality when it was supplied to Mr C. He asked CAAF to end the agreement, collect the car and refund Mr C’s deposit. He also asked them to refund all monthly repayments made by Mr C from August 2025, and to refund him 10% of the monthly repayments he’d made between June and August 2025 to reflect the impaired use he’d had of the car while it was displaying faults. Finally, he asked CAAF to pay Mr C £300 compensation for the upset caused by having a car of unsatisfactory quality.

CAAF didn’t accept our investigator’s opinion. They provided third-party evidence to try and disprove the independent expert’s report, and to show the car was of satisfactory quality when it was supplied. They also provided testimony from J that Mr C’s refusal to allow J to

assess the car in June 2025 when he first notified them of the faults, had deprived them of the opportunity to determine the cause of any faults or offer a remedy.

Mr C accepted our investigator's opinion in part, but he felt he should receive all his monthly payments back, and that relevant legislation confirmed that should be the case.

As neither party have agreed here, 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.

When considering what is fair and reasonable, I'm required to take into account: relevant law and regulations, relevant regulatory rules, guidance and standards and codes of practice.

Both parties have provided a lot of information on this case. I'd like to reassure them both that I've read and considered the evidence submitted by both, but I'll comment on what I believe is most relevant. If I don't comment on a specific issue, it isn't because I haven't considered it, but because I've decided that I don't need to do so to provide a fair outcome. This is not intended as a discourtesy but is the informal way that our service works to resolve disputes.

As the hire purchase agreement entered by Mr C is a regulated consumer credit agreement this service is able to consider complaints relating to it. CAAF are also the supplier of the goods under this type of agreement and are responsible for a complaint about their quality.

The Consumer Rights Act 2015 (CRA) covers agreements like the one Mr C entered. Because CAAF supplied the car under a hire purchase agreement, there's an implied term that it is of satisfactory quality at the point of supply. Cars are of satisfactory quality if they are of a standard that a reasonable person would find acceptable, taking into account factors such as, amongst other things, the age and mileage of the car and the price paid.

The CRA also says that the quality of goods includes their general state and condition, and other things like their fitness for purpose, appearance and finish, freedom from minor defect and safety can be aspects of the quality of the goods.

Satisfactory quality also covers durability. For cars, this means the components must last a reasonable amount of time. Of course, durability will depend on various factors. In Mr C's case, the car was used and had covered approximately 75,000 miles when he acquired it. So, I'd have different expectations of it compared to a brand-new car. Having said that, the car's condition should have met the standard a reasonable person would consider satisfactory, given its age, mileage, and price.

Our investigator has explained that he doesn't think the car was of satisfactory quality when it was supplied to Mr C, and he should be allowed to reject the car. I agree in this case. I'm satisfied the evidence confirms the car had a fault shortly after it had been acquired by Mr C, and CAAF should have done more to establish when the fault had occurred, why it had occurred, and ultimately should have allowed Mr C to reject the car. I'll explain why.

The CRA sets out that Mr C can exercise his short term right to reject the car in the first 30 days if the goods do not conform to the contract. I don't think it's in dispute that Mr C contacted CAAF in time, but what remains in dispute is whether the car was of satisfactory quality, and whether Mr C has impeded CAAF's ability to establish the faults.

Mr C has provided photographic evidence, taken four days after delivery of the car, which shows the EML was illuminated. This is enough to demonstrate a fault with the car within the first 30 days. At this point, it was for CAAF to determine when and why the faults had occurred – and they haven't done that. They asked Mr C to return to J to allow the car to be inspected, but it wasn't for Mr C to do this. The requirement is for CAAF, as the supplier of the car, to show the faults wouldn't have been present at the point of supply and, when I consider Mr C had moved hundreds of miles away from J at this time, I don't think it was reasonable for CAAF just to redirect him to J for an inspection. I'm not satisfied that fulfils CAAF's responsibility under the CRA.

CAAF did eventually arrange for an independent inspection of the car to take place. The inspection took place in August 2025, and the car had covered approximately 78,500 miles at this time. The independent report is, in my opinion, the most persuasive piece of evidence in this case. It was a visual inspection of the car by a qualified motor technician. The report concluded that the faults seen with the car would have been present or developing at the point the car was supplied to Mr C, and the condition of the car wasn't commensurate with a car of its age and mileage. However, CAAF still didn't proceed with allowing Mr C to reject the car following receipt of this report – although they haven't offered any explanation why. And based on the findings of the report, I'm satisfied it was clear the car had been of unsatisfactory quality since it had been supplied to Mr C, and CAAF should have allowed Mr C to reject it. Had CAAF arranged the independent report in June 2025, when Mr C first notified them of the faults and his intention to reject the car, and when the requirement was on CAAF to establish when and why the faults had occurred, I'm satisfied it would have told them the same thing, and rejection of the car could have been agreed at an earlier stage.

CAAF's main argument in this case seems to be the technical advice it has provided from a third-party specialist, which attempts to discredit the independent report. It isn't clear if this technical advice has been shared with the independent expert, but I'm not persuaded the evidence proves the car was of satisfactory quality at the point of supply. The third-party acknowledges that two of the faults shown by the report's diagnostic test are well-known faults with the engine in the car. It goes on to say that the faults wouldn't make the car unroadworthy or undrivable, but they would need remedial work to rectify. The test isn't whether the car was unroadworthy or undrivable, but whether it was of satisfactory quality when it was supplied. The acceptance that remedial work would be needed to rectify the faults further persuades me that the car wasn't of satisfactory quality when it was supplied to Mr C.

CAAF have also said, via J, that Mr C had agreed to take the car without the pre-delivery inspection being completed, and the faults could have been avoided had that inspection taken place. It's CAAF's responsibility to supply a car that is of satisfactory quality, and it hasn't done that on this occasion. I'm not persuaded that the lack of a full pre-delivery inspection should negate any problems that Mr C might have then encountered with the car. I'm not persuaded that a reasonable person would expect to experience faults so soon after supply with a car of this value and having committed to monthly repayments of £619.48, irrespective of whether a full pre-delivery inspection had taken place or not. CAAF have to ensure the car supplied by them is of satisfactory quality.

As I'm satisfied the car wasn't of satisfactory quality and Mr C has demonstrated faults within the first 30 days, CAAF must now allow Mr C to reject the car. They should end the agreement and arrange to collect the car at no cost to Mr C. They should also refund him his deposit of £500.

Mr C has said that he thinks he should receive all of his monthly repayments back, as the CRA doesn't allow for a deduction for use if the short term right to reject option is enforced. But that isn't my understanding of the CRA. It states that no deduction for use can be made

if collection of the goods has been arranged for an agreed time and doesn't take place. But that hasn't happened in Mr C's case, and no arrangement to collect the car has ever been made with CAAF. As such, I'm satisfied a deduction for use can be applied for the short time Mr C was able to use the car.

Mr C has been without use of the car since August 2025, so CAAF should refund him all the monthly repayments he has made since then. However, Mr C has covered approximately 3,500 miles in the car between June and August 2025, and I'm satisfied it's fair he should pay for that use. But I also think Mr C use was impaired by the faults he'd encountered during that time, so a reduction in his monthly repayments between June and August 2025 is reasonable. Our investigator has recommended that Mr C should receive a refund of 10% of each monthly payment made between June and August 2025, and I'm satisfied that's a fair way to recognise the impaired use he would have had of the car during that time.

Mr C has explained the distress this situation has caused him. He has moved several hundred miles away from family, and is now expecting a family of his own, so having a car of satisfactory quality has been of utmost importance to him. It's clearly been a troubling time for him. No amount of money can change what's happened, but the amount of compensation I'm awarding is in line with what's awarded where the impact of the mistake has caused considerable distress, upset and worry. CAAF must pay Mr C £300 to reflect the upset being supplied with a car of unsatisfactory quality has brought to him. They must also remove any adverse information, in relation to this agreement, from Mr C's credit file, if applicable.

I hope this decision goes some way in helping Mr C's current situation. However, I'd like to remind him that he's able to reject this decision if he believes he can achieve a better outcome by alternative means, such as through the courts.

My final decision

For the reasons above, I uphold this complaint. CA Auto Finance UK Ltd trading as CA Auto Finance UK must:

- End the finance agreement ensuring Mr C is not liable for monthly repayments after the point of collection (they should refund Mr C any overpayments for these if applicable).
- Take the car back (if this has not been done already) without charging Mr C for collection.
- Refund Mr C's deposit of £500.
- Refund all the monthly repayments made by Mr C from August 2025 until the date of collection.
- Refund Mr C 10% of the monthly repayments made between June and 22 August 2025 to reflect the impaired use he had of the car during that time.
- Pay 8% simple interest on all refunded amounts, from the date of payment until the date of settlement.*
- Pay Mr C £300 compensation to reflect the upset caused to him by being supplied with a car of unsatisfactory quality.
- Remove any adverse information, in relation to this agreement, from Mr C's credit file (if applicable).

*If CA Auto Finance UK Ltd trading as CA Auto Finance UK consider that they're required by HM Revenue & Customs to deduct income tax from that interest, they should tell Mr C how much they've taken off. They should also give him a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 30 April 2026.

Kevin Parmenter
Ombudsman