

The complaint

Mr N complains that a van that was supplied to him under a hire purchase agreement with CA Auto Finance UK Limited wasn't of satisfactory quality.

What happened

A used van was supplied to Mr N under a hire purchase agreement with CA Auto Finance that he electronically signed in October 2024. The price of the van was £16,945, Mr N paid a deposit of £250 and he agreed to make 60 monthly payments of £389.25 to CA Auto Finance.

The van broke down in December 2024 and Mr N complained to CA Auto Finance about issues with the van. It responded to his complaint in April 2025 and said that the supplying dealer had requested that the van be taken to a manufacturer's dealer that was specified for an impartial inspection, which it considered to be a fair and reasonable resolution, so it was closing his complaint. Mr N wasn't satisfied with its response so referred his complaint to this service.

Mr N's complaint was looked at by one of this service's investigators who, having considered everything, didn't think that CA Auto Finance had acted fairly. She thought that the supplying dealer had failed to bring the van up to satisfactory quality in its repair or offered an independent inspection within a reasonable timeframe, and she questioned the durability of the van. She said that Mr N should be able to reject the van and she recommended that CA Auto Finance should: collect the van and unwind the agreement; refund to Mr N his monthly payments from December 2024, any deposit paid, his vehicle recovery and towing costs and any payment that he made towards the turbo repair, all with interest; and pay him £350 compensation for the stress and inconvenience caused.

CA Auto Finance hasn't accepted the investigator's recommendation, so I've been asked to issue a decision on this complaint. It has provided a letter from the supplying dealer's solicitor and a report from an inspection of the turbo. Mr N has asked that he also be reimbursed for insurance and tax costs and some hire costs.

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.

CA Auto Finance, as the supplier of the van, was responsible for ensuring that it was of satisfactory quality when it was supplied to Mr N. Whether or not it was of satisfactory quality at that time will depend on a number of factors, including the age and mileage of the van and the price that was paid for it. The van that was supplied to Mr N was first registered in October 2019, so was about five years old, CA Auto Finance says that it had been driven for 64,500 miles and the price of the van was £16,945. Satisfactory quality also covers durability which means that the components within the van must be durable and last a reasonable amount of time, but exactly how long that time is will depend on a number of factors.

Mr N has provided a detailed description of the issues that he's had with the van, which started in October 2024 when the van was first returned to the dealer, including the breakdown in December 2024, a turbo repair, and further issues since then. He's provided reports from a local garage that inspected the van in January 2025. The van's mileage is recorded as 66,901 miles and the report says:

"The following faults were found on your [van] after investigation:

Timing cover severely leaking oil.

Air filter element has oil contamination over it

Air filter housing has oil in it

The air induction system is not inducing air but instead pushing air out.

On an obd scan no faults were stored in the ECU indicating no faults other than mechanical faults.

We believe the timing may have moved or jumped causing this issue".

The supplying dealer repaired the turbo and Mr N says that he collected the van in February 2025, but the engine management warning light came on and issues with the van's diesel particulate filter were then identified. He says that he returned the van to the supplying dealer for further repairs but there continued to be issues with it. The supplying dealer's solicitor says that the supplying dealer has discharged the burden to prove that the van conformed to the contract at the point of sale and that Mr N has no grounds upon which to seek to reject the van. I've also been provided with a report from an inspection of the turbo. It says:

"The turbocharger failed due to the incorrect usage of the car. The shaft looks like it was over speeding which caused a failure. These parts are not designed for speed but for carrying load and speed over 80 mph should not be exceeded".

The turbo was inspected in January 2025 when the van's mileage was 66,901 miles, so only about 2,400 miles more than when the van was supplied to Mr N and I've seen no other evidence to show that Mr N had driven the van at excessive speed.

I've carefully considered all of the evidence that Mr N and CA Auto Finance have provided, and I consider that there's enough evidence to show that there have been faults with the van since soon after it was supplied to Mr N and I consider it to be more likely than not that the van wasn't of satisfactory quality when it was supplied to him. I find that it would be fair and reasonable in these circumstances for Mr N to be able to reject the van and for CA Auto Finance to take the actions described below to put things right.

Putting things right

I find that it would be fair and reasonable for CA Auto Finance to end the hire purchase agreement and arrange for the van to be collected from Mr N, both at no cost to him. The summary of the hire purchase agreement shows that Mr N paid a deposit of £250 for the van. I find that it would be fair and reasonable for CA Auto Finance to refund to Mr N the deposit that he paid for the van, with interest.

The van broke down in December 2024 and Mr N has had very little use of it since then. I find that it would also be fair and reasonable for CA Auto Finance to refund to Mr N the monthly payments that he's made under the hire purchase agreement for the period since the van broke down, with interest. It can keep the payments that he made for the period before then as payment for the use that he's had from the car. The supplying dealer's solicitor says that the supplying dealer is permitted to make a mileage deduction of 45p for each mile driven by Mr N. The van was supplied to Mr N by CA Auto Finance, so the supplying dealer has no entitlement to any further payment from Mr N and I consider that the

monthly payments that Mr N made to CA Auto Finance for the period before the van broke down are fair and reasonable payment for the use that Mr N had from the van.

The investigator recommended that CA Auto Finance should also refund Mr N for his vehicle recovery and towing costs and any payment that he made towards the turbo repair. If Mr N is able to provide evidence of those costs, I agree that it would be fair and reasonable for CA Auto Finance to reimburse him for those costs. Mr N has asked that he be reimbursed for the cost of two insurance policies, the van's road tax and some hire costs. The investigator said that she wouldn't be able to say that CA Auto Finance should refund the insurance and road tax costs to Mr N as they would've been required whilst the van was in his possession and may have benefitted him if he'd needed to claim. Mr N says that one of the insurances is an extended warranty on the van. I agree with the investigator that it wouldn't be fair or reasonable to require CA Auto Finance to reimburse Mr N for those costs. I suggest that Mr N contacts the insurer to see if he's entitled to any refunds.

I've said that CA Auto Finance should refund to Mr N the monthly payments that he's made under the hire purchase agreement for the period since the van broke down. As I've said that it should refund those payments to him, I don't consider that it would also be fair and reasonable for me to require CA Auto Finance to reimburse him for the hire costs that he's incurred since the van broke down.

These events have clearly caused distress and inconvenience for Mr N. I find that it would also be fair and reasonable for CA Auto Finance to pay him £350 to compensate him for that distress and inconvenience.

My final decision

My decision is that I uphold Mr N's complaint and order CA Auto Finance UK Limited to:

1. End the hire purchase agreement and arrange for the van to be collected from Mr N, both at no cost to him.
2. Refund to Mr N the deposit that he paid for the van.
3. Refund to Mr N the monthly payments that he's made under the hire purchase agreement for the period since the van broke down in December 2024.
4. Reimburse Mr N for his vehicle recovery and towing costs and any payment that he made towards the turbo repair, if he provides it with evidence of those payments.
5. Pay interest on the amounts at 2, 3 and 4 above at an annual rate of 8% simple from the date of each payment to the date of settlement.
6. Pay £350 to Mr N to compensate him for the distress and inconvenience that he's been caused.

HM Revenue & Customs requires CA Auto Finance to deduct tax from the interest payment referred to above. CA Auto Finance must give Mr N a certificate showing how much tax it's deducted if he asks it for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 17 February 2026.

Jarrold Hastings

Ombudsman