

The complaint

Mr W complains that the car he acquired through CA AUTO FINANCE UK LTD (“CA AUTO”) wasn’t of satisfactory quality. He wants to reject the car, unwind the credit agreement cancelled, and have all his monthly rentals refunded because he was without the car for an extended period of time.

What happened

Mr W entered into a hire purchase agreement in October 2024 to acquire a used car. The cash price of the car was £23,329, and after taking account of the advanced payment of £2,329, the amount of credit provided totalled £21,000. The credit provided was to be repaid through the finance agreement which was set up over a term of 60 months. The monthly rentals were £440.68 meaning that the total amount repayable, were the agreement to run to term, would be £28,779.80. At the point of supply, the car was almost seven years old and had been driven more than 50,000 miles.

Mr W told us:

- The car was faulty from day 1, and spent several months in dealerships undergoing repairs that ultimately proved unsuccessful;
- he rejected the car, the agreement was unwound, and his deposit was refunded, but he’s only been refunded some of the monthly rentals he’s paid;
- he should be refunded all his payments as the car supplied by CA AUTO was not of satisfactory quality;
- the situation has caused him significant stress and inconvenience – he’s lost confidence in CA AUTO and the car as he spent months chasing for updates, dealing with repairs, and trying to resolve the matter.

CA AUTO upheld this complaint. It explained it had been liaising with the supplying dealership and confirmed that because of the issues with the car, it had been agreed that the credit agreement would be unwound, the car collected, and the advance returned.

CA AUTO said that it had reviewed what happened and had agreed to refund Mr W 50% of his monthly rentals for the eight monthly payments that he’d made – a refund of £1,762.72.

Although Mr W accepted this offer from CA AUTO, he says he should still be refunded the other 50% of his monthly rentals that it has retained. He said he *“continued driving the vehicle initially...although the car remained physically drivable, the unresolved fault produced a persistent audible alert every 5–6 minutes, making the vehicle unpleasant to use”* and he said he *“had little choice but to continue using the vehicle for essential transport”*. Mr W said that although he was provided with courtesy cars, they were not of the same standard as the car he paid for that was supplied by CA AUTO.

Although both parties agreed that the car had not been of satisfactory quality when it was supplied and had agreed on its rejection, they didn’t completely agree on how this complaint should be settled, and Mr W brought his complaint to this Service.

Our Investigator looked at this complaint and said that 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 that the failed repairs meant that Mr W was entitled to reject the car, and he set out what CA AUTO needed to do to put things right.

Our Investigator said that for periods where Mr W was unable to use the car *and* was not kept mobile, CA AUTO should refund his monthly rentals. But he also said that where Mr W had been kept mobile with the provision of a courtesy car, CA AUTO did not need to refund all of his monthly rentals.

Our Investigator explained that the courtesy car provided by CA AUTO was not a like-for-like replacement for the car Mr W was paying for; it did keep him mobile, but it did not match the driving experience of a “*high-performance luxury vehicle*” with advanced technology features, and because of this and the distress and inconvenience caused, he said CA AUTO needed to pay Mr W some compensation.

Our Investigator set out the sum of compensation he’d normally recommend in these circumstances but noted that CA AUTO’s own gesture of goodwill exceeded this amount, so he simply asked it to ensure its payment was made.

CA AUTO accepted our Investigator’s recommendations in full.

Mr W disagreed with the recommendations, so the complaint comes to me to decide. He says he doesn’t think the partial refund of monthly payments is fair. He says the problems with the car have caused him much stress and inconvenience, and although he accepts that he’s used the car, he’s not been able to use it to the extent he would’ve liked.

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.

I hope that Mr W won’t take it as a discourtesy that I’ve condensed his complaint in the way that I have. Ours is an informal dispute resolution service, and I’ve concentrated on what I consider to be the crux of this complaint. Our rules allow me to do that. Mr W should note, however, that although I may not address each individual point that he’s raised, I have given careful consideration to all of his submissions before arriving at my decision.

Having considered all the evidence and testimony afresh, I’ve reached the same conclusion as our Investigator and for broadly the same reasons. I’ll explain why.

The credit agreement entered into by Mr W is a regulated consumer credit agreement which means that 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.

The Consumer Rights Act 2015 (“CRA”) is relevant to this complaint. It says that under a contract to supply goods, there is an implied term that the “quality of the goods is satisfactory”.

To be considered “satisfactory” the goods would need to meet the standard that a reasonable person would consider satisfactory – taking into account any description of the goods, the price and other relevant factors. Those factors, in the case of a car purchase, will include things like the age and mileage of the car at the time of sale, and the car’s history.

The quality of the goods includes their general condition and other things like their fitness for purpose, appearance and finish, safety and durability.

In these circumstances, where it is concluded that the car was not of satisfactory quality at the point of supply, and repairs have not been successful, then rejection of the car is often the fairest way to settle this type of complaint. We'd typically ask the business to:

- end the credit agreement and remove any adverse information from the customer's credit file in relation to the credit agreement;
- arrange collection of the car;
- refund the customer's deposit and;
- pay some compensation if the customer experienced distress, worry, anxiety and inconvenience because faulty good were supplied.

And I can see both Mr W and CA AUTO have accepted these recommendations. So, the only outstanding matter, it seems to me, is the amount of the monthly payments that should be refunded.

Refund of monthly rentals

I need to tell both parties that calculating this is not an exact science. The car was faulty and there was a long period of a time when Mr W could not use it, so he should get *some* money back. But for much of this time, Mr W was kept mobile – he either had use of a courtesy car or was able to continue driving his car – so his inconvenience in *this* respect was kept to a minimum.

I appreciate Mr W's comments about the courtesy cars not being to the same standard as the car he was paying for. And had he not been provided with courtesy cars or had he declined the offer of a courtesy car, then I would've been asking CA AUTO to refund all his payments, but Mr W would've then have had to pay the cost himself of hiring his own rental car as I note he says he needed a car "*for essential transport*".

So, I'm not going to ask CA AUTO to refund all his monthly rentals as he's requested. But I recognise that his usage of the car was impaired, and his enjoyment of it was adversely affected, but I think the refund already offered by CA AUTO fairly reflects the usage, albeit impaired, that he's had.

Distress and inconvenience

Mr W has explained the frustration, worry and anxiety that this whole episode caused, and the difficulties it caused. In these situations, as our Investigator explained, this Service would ask the business to pay some compensation. Any compensation awarded is not to *punish* CA AUTO as this is not the role of this Service.

Taking everything in the round, I'm satisfied that the way in which our Investigator recommended this complaint be settled is both fair and reasonable in the circumstances of it. And for completeness and clarity, I'm going to set out all the things this Service would expect of CA AUTO, many of which I believe it has already undertaken.

Putting things right

I direct CA AUTO FINANCE UK LTD to put things right by doing the following:

- Ending the credit agreement with nothing further to pay (if it hasn't already done so);
- Removing any adverse information from Mr W's credit file in relation to the agreement (if it hasn't already done so);
- Collecting the car (if this has not been done already) at no further cost or inconvenience to Mr W;
- Refunding Mr W his advanced payment (if it hasn't already done so) which I believe was £2,329;
- Refunding Mr W all of his monthly rentals from 8 July 2025 to the date of settlement (if it hasn't already done so) to reflect the fact that Mr W stopped using the car at this point;
- Paying 8% simple yearly interest on all refunded amounts from the date of payment until the date of settlement*;
- Paying the goodwill payment of £978.28 previously offered (if it hasn't already done so). Mr W should note that our Investigator considered £300 compensation to be appropriate in the circumstances, but that our Service would not usually recommend a lower compensatory payment than one offered previously by the business. In this case, as the goodwill gesture from CA AUTO exceeds what our Investigator considered fair compensation, then I'll simply endorse its payment of the sum it previously offered.

*HM Revenue & Customs requires CA AUTO FINANCE UK LTD to take off tax from this interest. CA AUTO FINANCE UK LTD must give Mr W a certificate showing how much tax has been taken off if he asks for one.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 19 March 2026.

Andrew Macnamara
Ombudsman