

The complaint

Mrs L complains about the quality of a vehicle that was supplied through a motor finance agreement with CA AUTO FINANCE UK LTD (CAF).

Mrs L has been represented on this complaint. But to keep things simple I'll only refer to Mrs L in my decision.

What happened

In June 2025, Mrs L acquired a used car through a hire purchase agreement with CAF. The car was about eight years old and had travelled 60,800 miles when it was supplied to her. The cash price of the car was £11,448 (which included an insurance product of £499). £2,667.81 of negative equity was added to the agreement, so the total amount financed was £14,115.81 payable over 46 repayments of £391.50 followed by a final repayment of £401.50.

Mrs L said her car experienced faults from the outset; which included power loss and jolting. and despite being brought into the garage for repairs the issue persisted. Mrs L said she informed CAF on 11 July 2025 that she wanted to reject the vehicle.

In October 2025 CAF issued their final response. In summary, it said the vehicle was repaired and had been ready for collection since August 2025, although it acknowledged it was a second repair. CAF didn't agree to the rejection as it was repaired, however, it offered Mrs L a refund of two monthly repayments for the inconvenience caused due to the time taken for it to be repaired.

Unhappy with CAF's outcome, Mrs L brought her complaint to this service where it was passed to one of our investigators to look into. Mrs L said CAF delayed the rejection process and the car was repaired without her consent. Mrs L confirmed she wasn't collecting the car and expected a full refund less usage and no adverse information on her credit file.

In December 2025 the investigator issued their view and recommended that Mrs L's complaint should be upheld. In summary the investigator concluded that Mrs L should have the right to reject the car given the first repair was unsuccessful. To resolve things the investigator recommended that CAF end the agreement, refund the monthly repayments and pay Mrs L £150 in compensation for the distress and inconvenience caused.

Mrs L accepted this recommendation. CAF didn't. They responded with comments from the dealership confirming the initial part that was replaced had failed, but that it was since fixed.

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 what is fair and reasonable, I've thought about all the evidence and information provided afresh and the relevant law and regulations, regulators' rules, guidance

and standards, codes of practice and (where appropriate) what I consider to have been good industry practice at the relevant time.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

Mrs L complains about a hire purchase agreement. Entering into consumer credit contracts like this is a regulated activity, so I'm satisfied we can consider Mrs L's complaint about CAF. CAF is also the supplier of the goods under this agreement, and is responsible for a complaint about their quality.

The Consumer Rights Act 2015 (CRA) is relevant in this case. It says that under a contract to supply goods, there is an implied term that "*the quality of the goods is satisfactory, fit for purpose and as described*". To be considered as satisfactory, the CRA says the goods need to meet the standard that a reasonable person would consider satisfactory, considering any description of the goods, the price and all the other relevant circumstances.

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

Here, Mrs L acquired a used car which had covered 60,800 miles and which cost around £10,949. So, I think a reasonable person would not have the same expectation of quality in comparison to a newer model, which had less mileage. But I still think they would expect the car to be free from any major defects and would expect trouble free motoring for both some time and distance.

From the information provided I'm satisfied there was a fault with the car. Neither party has disputed this. Mrs L maintains that the engine required repairs and CAF provided commentary from the dealership which confirmed the throttle body needed to be replaced. Nor do I consider it in question whether the car was of satisfactory quality when it was supplied. CAF confirmed Mrs L raised the complaint about the car within two weeks of it being supplied to her and that it was repaired by the dealership. Given the engine was faulty within the first 30 days of supply I don't consider there is any dispute that it was supplied in a condition that was not of satisfactory quality. However, what appears to be in dispute is whether Mrs L should be allowed to reject the car.

Under the CRA if goods are not of satisfactory quality they do not conform to the contract. Section 19 of the CRA sets out certain remedies available to the consumer for goods that do not conform, and one of those remedies is the final right to reject. This relates to if an initial repair was unsuccessful.

CAF confirmed the issues was report in July 2025, about two weeks after Mrs L entered the agreement. The car was repaired, however, as the issue returned Mrs L confirmed she requested rejection on 11 July 2025. In their final response CAF confirmed the car was ready for collection since August 2025, which was after Mrs L had requested the rejection of it. So, under the CRA Mrs L should be able to do so.

I recognise the car is now repaired. However, under the CRA, CAF had their initial right to repair the vehicle which they attempted to do, however as this was unsuccessful as confirmed by the dealership, Mrs L had a right to reject it. So, despite the vehicle being

repaired, in the circumstances, Mrs L doesn't have to accept it back as she left it with the dealership.

Given my conclusions I think Mrs L acted reasonably here and so CAF should refund to Mrs L all repayments she's made towards the agreement as the car was returned for repair within days from supply. It stands that I don't consider she would have had a fair opportunity to have any significant enjoyment from it.

I'm also in agreement with the investigator that £150 in compensation fairly recognises the distress and inconvenience caused as a result of the issues with the car.

CAF took on some negative equity as part of the amount lent to Mrs L on the agreement. CAF should not have to absorb this as it was a previous debt incurred by Mrs L that was taken on by them. However following the instructed refunds, should an outstanding balance remain then CAF should provide forbearance options if required.

My final decision

Having thought about everything above along with what is fair and reasonable in the circumstances I uphold this complaint and instruct CA AUTO FINANCE UK LTD to:

- collect the car ensuring Mrs L is not liable for monthly rentals after the point of collection
- end the agreement and remove it from Mrs L's credit file
- refund to Mrs L all rental payments she's made towards the agreement
- pay Mrs L £150 in compensation for the distress and inconvenience caused
- remove any adverse information that may have been recorded with the credit reference agencies in respect of the agreement

CA AUTO FINANCE UK LTD should pay 8% yearly simple interest on all refunds calculated from the date of payment to the date of settlement.

If CA AUTO FINANCE UK LTD considers that it's required by HM Revenue & Customs to withhold income tax from the interest part of my award, it should tell Mrs L how much it's taken off. It should also give Mrs L a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L to accept or reject my decision before 19 May 2026.

Benjamin John
Ombudsman