

The complaint

Ms M complains that a car that was supplied to her under a finance agreement with CA Auto Finance UK Limited wasn't of satisfactory quality.

What happened

A used car was supplied to Ms M under a finance agreement with CA Auto Finance that she electronically signed in October 2023. The price of the car was £29,064, Ms M made an advance payment of £1,000 and she agreed to make 48 monthly payments of £513.79 and a final payment of £15,215 to CA Auto Finance.

There were battery issues with the car which affected Ms M's use and enjoyment of it and the car was with a manufacturer's dealer for repairs from April to June 2024 and from September to December 2024. Ms M had stopped making the monthly payments that were due under the finance agreement, so CA Auto Finance terminated the finance agreement, but she complained to CA Auto Finance about the issues with the car in December 2024. It investigated her complaint but said that, with the information to hand, it wouldn't be able to uphold it. Ms M wasn't satisfied with its response so referred her complaint to this service.

Ms M'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 recommended that CA Auto Finance should refund some monthly rentals to Ms M, with interest, and that it should pay her £300 for any trouble and upset caused. Ms M provided further information about the issues with the car and the investigator revised her recommendations. CA Auto Finance accepted her revised recommendations, but Ms M has asked for an ombudsman to make a final decision on her complaint.

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 car, was responsible for ensuring that it was of satisfactory quality when it was supplied to Ms M. 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 car and the price that was paid for it. The car that was supplied to Ms M was first registered in November 2019, so was about four years old, it had been driven for 50,630 miles and the price of the car was £29,064. Satisfactory quality also covers durability which means that the components within the car must be durable and last a reasonable amount of time, but exactly how long that time is will depend on a number of factors.

There doesn't seem to be any dispute that there were issues with the car's battery or that the car was with a manufacturer's dealer for repairs from April to June 2024 and from September to December 2024. The investigator said that she didn't think that the car was of satisfactory quality at the point of supply and CA Auto Finance has accepted her recommendations, so I don't consider that I need to make any further finding about that.

Ms M says that she wanted to reject the car, but she asked for the car to be repaired in an email that she sent in February 2024, and the car was then with a manufacturer's dealer for repairs from April to June 2024. There were further issues with the car's battery and further repairs were made between September and December 2024. I consider that Ms M would have had the right to reject the car before those repairs were undertaken as there had been a failed repair attempt, but I've seen no evidence to show that she asked to reject the car until after the car had been repaired. I understand that those repairs have dealt with the fault but that the car has been repossessed by CA Auto Finance. I consider that the repairs were a fair and reasonable response to the issues with the car and I don't consider that CA Auto Finance should have allowed Ms M to reject the car when she complained to it in December 2024.

The finance agreement has been terminated, but it's clear that Ms M's use and enjoyment of the car have been affected by the issues with it. The investigator said that she'd considered the impact of the issue on Ms M's use of the car and thought that a 20% refund of the monthly payments under the finance agreement made for the periods when the battery wasn't fully charging fairly reflected the impaired use caused by the car not being of satisfactory quality and that a full refund of those payments should be made for the periods when the battery wasn't charging at all. She said that CA Auto Finance would need to speak to the dealer to work out the exact dates, but that it should provide a 20% refund for the periods from November 2023 to February 2024 and from July to 18 September 2024 and a full refund for the periods from February to April 2024 and 18 September to 3 October 2024. She said that Ms M was provided with a courtesy car from April to June 2024 and from 3 October to 10 December 2024 when the car was with the manufacturer's dealer and that no refund of monthly payments was due for those periods. CA Auto Finance has agreed to make those refunds to Ms M.

Ms M says that she was also charged a £250 administration fee for the use of the courtesy car and she's provided evidence of that payment. The investigator thought that it would be fair and reasonable for CA Auto Finance to refund the £250 charge as it was an additional cost to Ms M for use of the courtesy car, and CA Auto Finance has accepted her recommendations.

Ms M says that the courtesy car wasn't suitable for her as it had manual gears and she's only qualified to drive a car with automatic gears, but she accepted the courtesy car and her sister drove it and she drove her sister's car. I'm not persuaded that it would be fair or reasonable for me to require CA Auto Finance to refund to Ms M any of the monthly payments that she made under the finance agreement for the periods during which she was provided with a courtesy car. Ms M also says that two congestion charges were incurred when the courtesy car was being used and wouldn't have been incurred if she'd been using her car. The investigator recommended that CA Auto Finance should reimburse Ms M for the £35 that she paid for the two congestion charges, and it has agreed to do so.

Ms M also paid £106.07 for the car to be recovered in September 2024 and the investigator recommended that CA Auto Finance should reimburse her for that cost. It has agreed to do so. The issues with the car have caused distress and inconvenience for Ms M and the investigator recommended that CA Auto Finance should also pay her £300 compensation.

I consider that the actions that the investigator has recommended that CA Auto Finance should take provide fair and reasonable compensation to Ms M for the issues about which she's complained. I'm not persuaded that it would be fair or reasonable in these circumstances for me to require CA Auto Finance to take any additional action in response to her complaint.

Putting things right

I find that it would be fair and reasonable in these circumstances for CA Auto Finance to take the actions recommended by the investigator and which are set out below. It has accepted those recommendations..

My final decision

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

1. Refund to Ms M 20% of the monthly payments that she made under the finance agreement for the periods from November 2023 to February 2024 and from July to 18 September 2024.
2. Refund to Ms M the monthly payments that she made under the finance agreement for the periods from February to April 2024 and 18 September to 3 October 2024.
3. Pay £250 to Ms M to reimburse her for the administration fee for the use of the courtesy car.
4. Pay £35 to Ms M to reimburse her for the two congestion charges that she incurred.
5. Pay £106.07 to Ms M to reimburse her for the recovery cost.
6. Pay interest on the all of those amounts at an annual rate of 8% simple from the date of each payment to the date of settlement.
7. Pay £300 to Ms M to compensate her for the distress and inconvenience that she'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 Ms M a certificate showing how much tax it's deducted if she asks it for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 3 March 2026.

Jarrold Hastings
Ombudsman