

The complaint

Mr W complains that the vehicle he acquired through CA AUTO FINANCE UK LTD (“CA AUTO”) wasn’t of satisfactory quality. He wants to reject the vehicle and have the credit agreement cancelled, with no charge for the mileage that he’s driven.

What happened

Mr W entered into a hire purchase agreement in August 2024 to acquire a used vehicle. The cash price of the vehicle was £18,349.21 and was to be repaid through the credit agreement which was set up over a term of 53 months. The monthly rentals are £457.54 meaning that the total amount repayable, were the agreement to run to term, would be £24,259.62. At the point of supply, the vehicle was more than seven years old and had been driven nearly 89,000 miles.

Mr W told us:

- Within a week of acquisition, he started to notice problems with the vehicle such as an illuminated engine management light; the vehicle making strange noises; and it would judder. And the issues got progressively worse as time went on;
- he took the vehicle to a garage where it was held for five weeks, and following assessment, he was told the vehicle had been sold faulty and now needed around £5,000 of repairs;
- he contacted the supplying dealership, and it advised that it would repair things, but the problems still persisted;
- he needs the vehicle for work, but is concerned it will break down;
- he wants to reject the vehicle; have the credit agreement cancelled; and not be charged for the mileage he’s driven. He also wants a refund of the payments he’s made so far.

CA AUTO acknowledged there had been a number of faults within the first few months, but it said that some of the issues had been repaired by the supplying dealership and at no cost to Mr W. And it said it noted that for most of the time, Mr W had been kept mobile with the provision of a courtesy vehicle.

CA AUTO said in order to evidence that a repaired fault had returned – the repairs had failed – it would require evidence to support Mr W’s position. And as a gesture of goodwill, it said it would be willing to pay for an inspection by an independent engineer.

The independent engineer assessed the vehicle in July 2025 and concluded that *“The juddering has been attended to previously and is linked to the pollution/fuel system issue. This is a failed previous repair that was present or developing at the point of sale”*.

Although both parties agreed that the vehicle had not been of satisfactory quality when it was supplied, 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 said the independent inspection had concluded that there were faults with the vehicle; some of which had been successfully repaired, but that there was now a fault with the vehicle that had previously been dealt with, and the return of this fault indicated that the repair had been unsuccessful.

Our Investigator explained the relevance of the Consumer Rights Act 2015 (“CRA”) in the circumstances of this complaint. He explained that the failed repair meant that Mr W was now entitled to reject the vehicle, and he set out what CA AUTO needed to do to put things right.

Our Investigator recommended that in addition to accepting the vehicle’s rejection, CA AUTO needed to refund *some* of Mr W’s payments to reflect the period when he’d not been kept mobile as well as his impaired use of the vehicle, and he asked it to pay some compensation to recognise Mr W’s distress and inconvenience.

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 vehicle have caused him so much hassle, and although he accepts that he’s used the vehicle, 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 vehicle purchase, will include things like the age and mileage of the vehicle at the time of sale, and the vehicle’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 vehicle was not of satisfactory quality at the point of supply, and repairs have not been successful, then rejection of the vehicle 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 vehicle;
- refund the customer's deposit and;
- pay some compensation if the customer experienced distress, worry, anxiety and inconvenience because faulty goods 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 vehicle was faulty and there was a 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 vehicle or was able to continue driving his vehicle – so his inconvenience in *this* respect was kept to a minimum.

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 vehicle was impaired, and his enjoyment of it was adversely affected.

I can see that Mr W was not kept mobile between 11 February 2025 to 7 March 2025, yet he continued to pay for the faulty vehicle despite having no use of it. So I'll direct CA AUTO to refund him one monthly payment in respect of this period of time.

For the period of impaired use, I do think Mr W ought to be refunded a proportion of his monthly rentals. But I have to tell him that the CRA says that a business – in this case CA AUTO – is permitted to retain monthly rentals to reflect any usage of the vehicle. Because of this, I simply can't agree that Mr W should have all his monthly payments refunded. A refund of 10%, as recommended by our Investigator, 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 both his work life and family life. Accordingly, I'm going to ask CA AUTO to pay the £250 compensation recommended by our Investigator.

My award of £250 in compensation is in recognition of the of the frustration and distress I believe he experienced. It was not to *punish* CA AUTO as this is not the role of this Service.

Taking everything in the round, I'm satisfied that the redress suggested by our Investigator is both fair and reasonable in the circumstances of this complaint, and I'm going to direct CA AUTO to compensate Mr W accordingly.

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 vehicle (if this has not been done already) at no further cost or inconvenience to Mr W;
- Refunding Mr W one of his monthly rentals monthly to reflect the fact that was not kept mobile for the period of time from 11 February to 7 March;
- Refunding Mr W 10% of his monthly rentals for the period starting 4 February 2025 to the date of settlement (taking account of the one monthly rental already reasoned above) to reflect his impaired usage of the vehicle;
- Paying 8% simple yearly interest on all refunded amounts from the date of payment until the date of settlement*;
- Paying an amount of £250 (if it hasn't already done so) for the distress, worry, anxiety and inconvenience that's been caused due to the supply of faulty goods.

*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 5 March 2026.

Andrew Macnamara
Ombudsman