

The complaint

Mr H complains that a car supplied to him under a conditional sale agreement with Hyundai Capital UK Limited trading as Kia Finance was of unsatisfactory quality.

What happened

In September 2023, Mr H acquired a brand-new car through a conditional sale personal contract purchase with Hyundai Capital UK Limited trading as Kia Finance (HCUL). The cash price of the vehicle was £54,495.00 with an advance payment of £22,000.00 being paid. The total payable on the agreement was £59,406.64. This was to be repaid by 24 payments of £332.36 followed by a final payment of £29,430.00.

Mr H explained that in April 2025, the vehicle encountered a gearbox issue. Following this, Mr H stated that the vehicle took around four and a half months to be repaired, with him receiving it back in August 2025. During this time, Mr H said he was frustrated by the service offered to him by the manufacturer repairers, the repair was held up by avoidable delays and that the courtesy car he was provided with was not a suitable alternative. During the course of the complaint, Mr H completed the agreement, which he says cost him in excess mileage charges.

During the repair, Mr H complained to HCUL. In its final response, HCUL did not uphold the complaint. It said there was no evidence the fault was present or developing at the point of sale. Mr H disagreed with the outcome and brought his complaint to this service where it was passed to one of our investigators.

The investigator did not uphold the complaint. They explained there wasn't evidence to show the vehicle was of unsatisfactory quality, the issue was repaired under manufacturer warranty and then did not suffer any further issues. The investigator also explained they wouldn't ask HCUL to do anything differently in relation to the other points Mr H raised. Mr H disagreed with the outcome and provided further comments which didn't change the investigator's outcome, so I've been asked to review the complaint to make a final decision.

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'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.

Mr H acquired a car under a hire agreement. Entering into consumer credit contracts like this is a regulated activity, so I'm satisfied we can consider Mr H's complaint about HCUL. HCUL is also the supplier of the goods under this type of agreement meaning they are responsible for a complaint about the supply of the car and its 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. The CRA also explains the durability of goods is part of satisfactory quality.

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.

In this case, Mr H acquired a car that was brand-new. As this was a brand-new car, it's reasonable to expect the level of quality to be higher than a used, more road-worn car. It would be reasonable to suggest Mr H would expect to be able to use this free from significant defects, for a considerable period of time.

I've reviewed the available evidence about the issues Mr H experienced with the car. Based on what I've seen, I'm satisfied there was a fault with the gearbox. I say this because neither HCUL nor Mr H dispute there was a gearbox fault and it's been confirmed this was repaired. Having considered the car had faults, I've considered whether it was of satisfactory quality at the time of supply.

I note the gearbox repair was needed at around or over 49,998 miles based off the service invoice dated March 2025 that predates the April 2025 gearbox issue complained about. Despite the amount of time that had passed between the start of the agreement and the fault occurring, this potentially could be considered as having failed early on a brand-new car suggesting the vehicle may not have been sufficiently durable. It could also be due to what I'd consider heavy use and it could also be affected by other factors such as how the vehicle was being driven.

I'd need evidence to show that there definitively was a fault that made the vehicle of unsatisfactory quality when it was supplied, and I don't have anything to persuade me this is the case. That being said, I also note the vehicle was repaired under warranty and did not appear to have any further issues once the repair was complete. So, I have no evidence to show that the vehicle was or remained of unsatisfactory quality after the repair was carried out.

Some of the main issues for Mr H are around how the issues were dealt with, including what he has described as avoidable delays, lack of service from the manufacturer and repairers, a courtesy car that was not a satisfactory replacement for his vehicle and being required to continue to pay his monthly payments and costs whilst his vehicle was off the road alongside other maintenance costs shortly before the gearbox issue.

Mr H has also explained that he had intended to extend the agreement and then purchase another car from the same manufacturer, so having to hand the vehicle back at the end of the agreement cost him in excess mileage as he'd lost faith and trust in the car and brand. I've carefully considered these points and kept them in mind whilst reaching my decision.

I acknowledge why Mr H is frustrated at how long the repair took to action as this was out of his control. Having looked at what I have around this, I can't say that HCUL are responsible for these either. I can see Mr H was in contact with the manufacturer and the repairers, and there was a lot of back and forth relating to how the repair needed to be carried out and the equipment needed to do this, but I'm not persuaded HCUL are responsible for this.

This appears to have increased Mr H's unhappiness with the courtesy car he was provided with due to being without his vehicle for a longer period of time. I haven't seen anything that guarantees Mr H a particular courtesy car, but I can see from the correspondence provided he was kept mobile during the time his vehicle was off the road.

I appreciate Mr H has said this wasn't suitable for his needs, however I'm not persuaded that HCUL need to do anything differently here. A courtesy car was provided and whilst it wasn't an exact match, I haven't seen anything to persuade me that the vehicle wasn't wholly usable for Mr H. I do acknowledge it is not the vehicle he wanted so I acknowledge why he was unhappy with it. Because Mr H was kept mobile, I would not direct HCUL to reimburse any of the monthly payments made to the agreement.

I also considered the associated costs such as insurance and tax that Mr H raised. I'm not persuaded it is fair to direct HCUL to reimburse these, as Mr H would have had to pay something towards these costs had the vehicle not been in for repair, and I can't see from anything provided that he's had to pay twice for these.

Mr H also raised a point around paying for maintenance and running costs shortly before the issue with the gearbox meaning he didn't get the full benefit of these. Whilst I acknowledge why Mr H has raised this, these costs are a normal part of car ownership and through Mr H's regular use of the vehicle he will be liable for these. And as I have nothing that persuades me the vehicle was or remained of unsatisfactory quality, I wouldn't direct HCUL to cover these.

I then considered Mr H's point around the excess mileage charges. I appreciate why Mr H has raised this, however Mr H took the decision to end the agreement and hand back the vehicle at the mileage recorded. I acknowledge Mr H said this was because he'd lost faith in the car and brand, but Mr H took this decision, and as such I would not direct HCUL to cover these costs.

My final decision

Although I acknowledge why Mr H is unhappy with the events he has explained, and have thought carefully about how this affected him, my final decision is that I don't uphold the complaint against Hyundai Capital UK Limited trading as Kia Finance.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 11 March 2026.

Jack Evans
Ombudsman