

The complaint

Mr G complains that a car acquired under a conditional sale agreement with Hyundai Capital UK Limited trading as Kia Finance (“HCUK”) wasn’t of satisfactory quality when it was supplied to him. He wants to reject the car.

What happened

Both parties are familiar with the background of this complaint so I will only summarise what happened briefly here.

In February 2024, Mr G entered into an agreement to acquire a used, electric car. The car was supplied by a dealership (B). Mr G paid a £15,000 deposit, with the purchase balance being provided under a conditional sale agreement with HCUK. The car was approximately one year old and had covered approximately 13,000 miles when the agreement started. The agreement was for 37 months, with 36 monthly repayments of £261.06 and a final payment of £23,063.40 if Mr G wanted to keep the car at the end of the agreement. The cash price of the car was £40,995 and Mr G paid an additional amount of £800 separately for a tow bar to be fitted.

In early July 2024, the car was recalled to B for an update to the Integrated Charging Control Unit (ICCU). Later in July 2024, B had the car back again as Mr G was experiencing shuddering and vibration with the passenger seat when travelling at motorway speeds. A fault was diagnosed with the wheels and tyres, and B changed them with wheels from another car to resolve the problem.

In November 2024, the ICCU failed completely, rendering the car undrivable. It was returned to B again, and Mr G complained to HCUK in December 2024. The car was still with B at this time. He told HCUK the car had experienced serious faults, and he wanted to reject it. He was also unhappy with the courtesy car he’d been provided with, as it didn’t meet his needs in the way the car he’d acquired did.

HCUK responded to Mr G’s complaint in February 2025. The car was still with B at this point, as there was still work to be completed. The ICCU had been replaced at the end of January 2025, but the front and rear brake pads and discs needed to be replaced, as the car had been dormant for some time, and the 12v battery had also needed to be replaced. HCUK didn’t seem to support rejection of the car, but they did uphold Mr G’s complaint. They offered to refund Mr G 20% of the monthly payments he’d made between November 2024 up until the date he collected the car, and they offered Mr G £200 compensation for the inconvenience he’d been caused.

Mr G brought his complaint to our service in June 2025 as he continued to want to reject the car. He said he’d been without the car for an unreasonable amount of time, and the delays to the repairs were unacceptable. He hadn’t received the car back from B until early April 2025. Our investigator said that he was satisfied HCUK’s offer was a fair one. He said that it was difficult to determine what an unreasonable amount of time for repairs looked like, but he didn’t think Mr G’s wait had been unreasonable when he considered the reasons why it had taken B so long.

Mr G didn't agree. He said the Consumer Rights Act 2015 supported his right to rejection, and the repairs hadn't been carried out in a reasonable time or without significant inconvenience to him.

As Mr G didn't accept, the complaint was passed to me to decide. I issued a provisional decision on 9 February 2026. It said:

'I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

When considering what is fair and reasonable, I'm required to take into account: relevant law and regulations, relevant regulatory rules, guidance and standards and codes of practice.

Both parties have provided a lot of information here. I'd like to reassure them that I've read and considered everything that's been sent, although I haven't commented on it all within this decision. I will be focussing on what I consider to be the key points of the complaint.

Mr G has made a lot of reference to B within his submissions to our service, in particular in relation to some of the work they carried out to the car after it had been returned to them. But I think I need to start by explaining I'm only looking at HCUK's responsibility here as the finance provider for the car. Whilst HCUK have responsibility for anything B said or did pre-sale, as they were acting as agents of HCUK at the time – HCUK don't have any responsibility for anything B have said or done post-sale. B weren't acting as agents of HCUK at that time.

As the conditional sale agreement entered by Mr G is a regulated consumer credit agreement this service is able to consider complaints relating to it. HCUK are also the supplier of the goods under this type of agreement and are responsible for a complaint about their quality.

The Consumer Rights Act 2015 (CRA) covers agreements like the one Mr G entered. Because HCUK supplied the car under a conditional sale agreement, there's an implied term that it is of satisfactory quality at the point of supply. Cars are of satisfactory quality if they are of a standard that a reasonable person would find acceptable, taking into account factors such as, amongst other things, the age and mileage of the car and the price paid.

The CRA also says that the quality of goods includes their general state and condition, and other things like their fitness for purpose, appearance and finish, freedom from minor defects and safety can be aspects of the quality of the goods.

Satisfactory quality also covers durability. For cars, this means the components must last a reasonable amount of time. Of course, durability will depend on various factors. In Mr G's case, the car was used and had covered approximately 13,000 miles when he acquired it. So, I'd have different expectations of it compared to a brand-new car. Having said that, the car's condition should have met the standard a reasonable person would consider satisfactory, given its age, mileage, and price.

Our investigator has explained that he thinks the car wasn't of satisfactory quality when it was supplied to Mr G. HCUK seem to agree with that too and have made Mr G an offer to reflect that. So, I don't need to make a finding on the satisfactory quality of the car and it isn't in dispute. But for completeness, I agree that the car wasn't of satisfactory quality when it was supplied to Mr G. All I need to decide on is the appropriate remedy in this case and having considered everything provided I'm planning to say that Mr G should have been allowed to reject the car when he complained to HCUK in December 2024. I'll explain why.

The CRA explains that where goods are found not to have conformed to the contract within the first six months, it is presumed the goods did not conform to the contract at the point of supply. Unless the supplier, HCUK in this case, can prove otherwise. However, Mr G brought the concerns with the car to HCUK's attention in December 2024, approximately nine months after he'd been supplied with it. As this was outside of six months, it was for him to show the faults with the car had been present from the point of supply.

I'm satisfied Mr G has done that in this case. And importantly, HCUK seem to accept that too. He has provided job cards from B that confirm the wheels and tyres needed to be changed within the first six months to stop the shuddering and vibration Mr G was experiencing with the car. He's also provided evidence to show the ICCU was updated in July 2024 following a recall from the manufacturer.

Mr G's argument to allow him to reject the car stems from the amount of time the car was with B from November 2024. The car wasn't returned to him until April 2025, a total of five months, and Mr G doesn't think this is in keeping with the CRA's requirements for repairs to be carried out in a reasonable time and without significant inconvenience to the consumer. I'm minded to say I agree with him – being without the car he acquired for five months will have caused Mr G significant inconvenience, even though he was kept mobile by B providing him with a courtesy car. This car didn't have the same specifications as the car Mr G had acquired, and it prevented him from enjoying trips with his family and fulfilling activities he'd specifically acquired the electric car for.

The CRA allows for one opportunity to repair, and it says those repairs should be completed in a reasonable amount of time, and with minimal inconvenience to the consumer. In Mr G's case, I'm satisfied that one attempt to repair had already taken place when B took the car back in November 2024. It had previously been with B for a fault with the wheels and tyres, and the recall for the update to the ICCU in July 2024.

It seems that, when Mr G returned the car to B in November 2024 once the ICCU had failed he was initially happy to wait for the repairs to take place. But I'm also aware that he voiced his concerns about the length of time he was waiting when he complained to HCUK in December 2024, when he first asked to reject the car. At that time, the ICCU still hadn't been delivered to B to replace. And the repairs weren't completed until April 2025. I'm satisfied that waiting five months for repairs to be completed isn't a reasonable amount of time. Mr G had opted for a high-end car and had committed a large deposit towards it, and I think it's reasonable for him to expect to have his repairs completed in a much timelier way. I appreciate the delays may have been caused by the manufacturer, and the parts just not being available, but that doesn't detract from the CRA, and the requirements contained within it. The CRA sets out that (outside of the first 30 days) if the car isn't of satisfactory quality, there's been a repair attempt, and the car still doesn't conform to the contract, Mr G should be able to reject it. I'm satisfied that HCUK should have accepted Mr G's rejection in December 2024, when he made his complaint to them.

As I'm satisfied rejection should have been accepted by HCUK, they should now end the agreement with Mr G, with him not being responsible for any further monthly repayments. HCUK should also arrange to collect the car from Mr G, without charging him for collection. HCUK should also refund Mr G's deposit.

I anticipate HCUK will be unhappy that I'm suggesting Mr G's full deposit amount is refunded to him. Mr G has put a large deposit down on the car, and that might have meant this his monthly repayments would be lower than without such a deposit. This might have been an important factor in working out what the monthly repayments would be.

However, there are some other factors in the circumstances of this complaint that need to be taken into account. Mr G isn't going to be making the remaining repayments as the car is being rejected. This isn't a hire agreement, his payments and deposit were going towards him owning the car, which he won't be able to do here. Mr G probably didn't foresee that things would go wrong in the way they have, and a deposit is an important factor to be able to move to a new agreement once this car is rejected. Mr G is going to need to start again through no fault of his own and might find that his buying power is reduced.

Mr G has confirmed the current mileage of the car is approximately 28,300. He's also confirmed that he has continued to make his contracted monthly repayments. The CRA says that a deduction can be made from any refund to take account of the use the consumer has had of the goods since they were delivered. It doesn't set out how to calculate fair usage and there's no exact formula for me to use. There's not an industry standard mileage figure. My role is to decide cases quickly and informally – and I have to bear in mind Mr G has driven the car for over 15,000 miles in the period he's been in possession of the car. So, in this case I think it's fair that HCUK can keep all the monthly repayments Mr G has made towards the agreement to reflect the use he's had of the car.

But, it's clear that Mr G's use of the car has been curtailed for five months between November 2024 and April 2025. Although he was provided with a courtesy car during this time, he wasn't getting the same benefit as he would have had from the car he acquired. There were significant differences between the features of the courtesy car and the car Mr G had acquired, which prevented him from using it as he might have expected. However, I think Mr G's use, and enjoyment of the car, has continued to be curtailed since he received it back in April 2025. He has expressed he has lost faith in it, and is concerned about the ongoing quality of it, and the mileage he has covered indicates he hasn't used the car as much as he initially intended. For that, I'm satisfied HCUK should refund him 20% of each monthly repayment made between November 2024 until the date this complaint is settled. I think that more accurately reflects Mr G's impaired use of the car since it was returned to B in November 2024.

Mr G also paid an additional amount to have a tow bar fitted to the car. As I'm now planning to say that Mr G can reject the car, he won't be receiving the benefit of that addition. HCUK will when the car is returned to them, and they should refund this additional amount to Mr G.

Mr G has explained the impact having a car of unsatisfactory quality, and the significant repair time, has had on him. His enjoyment of the car has clearly been impacted by the situation he's found himself in. No amount of money can change what's happened. But the compensation I'm planning to award is in line with what's awarded where the impact of the mistake has caused considerable distress, upset, or worry. I'm planning to ask HCUK to pay Mr G £300 to reflect the inconvenience of being supplied with a car of unsatisfactory quality.

I'd like to remind Mr G that he's able to reject this decision if he believes he can achieve a better outcome by alternative means, such as through the courts.'

Mr G responded and accepted the provisional decision in full.

HCUK also responded. They didn't provide any comments of their own, but provided a rebuttal of the provisional decision from B. In summary B said:

- They were 'astounded' by the provisional conclusion.
- They felt the suggested outcome was disproportionate.
- It was disputed that the faults identified in November 2024 were present at the point of sale and weren't pertinent to his request for rejection of the car.

- The initial recall for the ICCU didn't constitute a repair. It was an update designed to prevent the premature failure of the unit – although this update failed as the unit did go on to fail prematurely.
- The noise from the tyres and wheels wouldn't have been identified as part of the pre-sale inspections, and B debated whether it actually constituted a fault.
- Mr G hadn't suffered 'significant inconvenience' by being without the car for five months. B are satisfied he was given a large car of high specification as a courtesy car, and this couldn't reasonably be considered to be significantly inconvenient.
- They didn't accept the ombudsman's assertion that Mr G's continued use of the car had been impaired since he received it back in April 2025.

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 attempted to summarise the response I've received from HCUK, via the supplying dealership, as I want both parties to know that I've carefully considered all the points made and any additional evidence provided. I don't intend to address the same points again as in my provisional decision. Instead, I've tried to concisely explain why the additional comments and evidence I've received since I issued my provisional decision haven't changed my mind.

Whilst I'm making a decision against HCUK in this case, as the finance provider of the car and the party responsible for a complaint about their quality, I will add context to some of the points raised by B.

As I explained in my provisional decision, I have seen job cards from July 2024 that show the tyres and/or wheels had been identified as having a fault. Whether the issue was a minor fault or defect isn't the question I need to answer. I need to be satisfied the car had a fault at this time – and I'm satisfied the evidence supports that it did. This constituted HCUK's one opportunity to repair in line with the CRA. The ICCU had also been updated at this time, but I only mentioned that due to its relevance a few months later when it failed completely.

When Mr G returned the car again in November 2024, it was for complete failure of the ICCU. And I remain satisfied that, when he asked HCUK to allow him to reject the car in December 2024, they should have allowed that to happen. One opportunity to repair had already been provided – the CRA doesn't provide allowance for every fault to be repaired once – and Mr G had made it clear he no longer wanted the car.

The repairs to the ICCU took some time, and I appreciate Mr G accepted the car back once the repairs had been completed. But I'm satisfied he did that because HCUK had previously refused to allow him to reject the car, rather than because he wanted to keep the car and was satisfied with it.

I've already explained why Mr G had the right to exercise his final right to reject, so a further repair wasn't something that he was required to accept. But for the avoidance of doubt, I've also thought on whether that repair was completed in a reasonable amount of time and without significant inconvenience. B have suggested that Mr G hasn't suffered significant inconvenience by waiting five months for the car to be repaired, as he was provided with a large car of high specification while the repairs were being looked into. Whilst that might have been the case, the car Mr G was provided with wasn't the same specification as the car he had chosen to acquire. He had chosen an electric car (EV) which he could use for family camping trips and other activities, and he could use the functions of the car to allow him to charge various items whilst away with his family. He also opted for an EV to reduce his fuel costs. The courtesy car he was provided with wasn't an EV, so it's more likely than not that

Mr G will have incurred additional costs to ensure he was kept mobile. And he wouldn't have been able to partake in the activities he initially planned for when making the decision to acquire the car at the centre of this complaint. I'm satisfied that would be a significant inconvenience to him.

When Mr G entered the agreement with HCUK, he had requested an annual mileage allowance of 13,000. But in February 2026, two years after acquiring the car, he had only covered approximately 15,000 miles in it. He has said that he has lost faith in the car, and his family are reluctant for it to be used for fear of further breakdown. I don't find that unreasonable considering the problems he's had with the car since being supplied with it, and the length of time he's been without it, and I remain satisfied that Mr G's continued use of the car has been impaired since receiving it back in April 2025, and this is reflected in the mileage that he's covered in the car. This is most relevant when I consider how much HCUK can deduct for fair usage.

As I haven't received any information or arguments to change my mind I'm still persuaded that HCUK must settle the complaint as originally explained in my provisional decision.

I'd like to remind Mr G that he's able to reject this decision if he thinks he can achieve a better outcome by alternative means, such as through the courts.

My final decision

For the reasons above, I uphold this complaint. Hyundai Capital UK Limited trading as Kia Finance must:

- End the finance agreement ensuring Mr G is not liable for any monthly repayments after the point of collection (they should refund him any overpayment for these if applicable).
- Take the car back without charging Mr G for collection.
- Refund Mr G's deposit of £15,000.
- Refund £800 to Mr G for the acquisition of the tow bar.
- Refund 20% of each monthly repayment Mr G made between November 2024 and the date of settlement, to reflect the impaired use he's experienced.
- Pay 8% simple interest on the refunded amounts, from the date of payment until the date of settlement.*
- Pay Mr G £300 compensation to reflect the upset caused to him by being supplied with a car of unsatisfactory quality.
- Remove any adverse information, in relation to this agreement, from Mr G's credit file (if applicable).

*If Hyundai Capital UK Limited trading as Kia Finance consider they're required by HM Revenue & Customs to deduct income tax from that interest, they should tell Mr G how much they've taken off. They should also give him a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 24 March 2026.

Kevin Parmenter
Ombudsman