

The complaint

Mr L complains about a hire purchase agreement taken out with CA Auto Finance UK Ltd (“CA Auto”), including its decision to lend to him and how it dealt with the voluntary termination of the agreement.

Mr L is bringing the complaint with the help of his wife, Mrs L. For ease of reading, I’ll refer to Mr L throughout this decision.

What happened

In April 2022, Mr L acquired a used car using a hire purchase agreement with CA Auto. The car cost £16,995 and Mr L paid a deposit of £2,000. The agreement also included additional products taken out – a five-year guarantee and a product called “paint protection lifetime guarantee”. In total, Mr L borrowed £16,890 and after interest and charges he was required to repay a total of £25,591.32. The terms of the agreement saw him making 48 monthly repayments of £315.09 followed by one final payment of £8,467 if Mr L wanted to keep the car at the end of the agreement.

The agreement entitled Mr L to terminate the agreement at any time before the final payment was due. If Mr L exercised this option, the agreement set out that CA Auto would be entitled to the return of the car and at least half of the total repayable under the agreement. This was £11,583.66.

In October 2024, Mr L contacted CA Auto as he was considering exercising his right under section 99 of the Consumer Credit Act 1974 to voluntarily terminate the agreement he had with it. Mr L discussed the voluntary termination over the phone with CA Auto. It then sent him correspondence explaining the process as well as settlement quotes in January 2025. There were some issues with the settlement figures, but those were resolved in early April 2025. Mr L sent written confirmation of his wish to terminate the agreement on 11 April 2025.

CA Auto instructed a recovery agent (who I’ll refer to as ‘M’) to collect the car on 8 May 2025. However, when M attempted to recover the car Mr L informed it that there was an ongoing dispute about the car. The collection attempt was abandoned, and CA Auto raised a complaint concerning the cost of the car and its condition when he acquired it.

On 21 May 2025 CA Auto wrote to Mr L to confirm the agreement had been settled in full and that it no longer had a financial interest in the car. Mr L responded and said that once he received Hire Purchase Investigation (HPI) clearance showing that CA Auto had released its interest in the car he’d consider his complaint resolved.

In early July 2025 CA Auto contacted Mr L to let him know it had chased a response to his complaint, and to arrange the collection of the car. It explained that Mr L had agreed to return the car, and it wasn’t prepared to postpone collection any longer. Mr L then raised further issues, including concerns about CA Auto requesting that he return the car.

M subsequently collected the car on 29 July 2025. CA Auto then issued its final complaint response on 30 July 2025. It said the agreement’s terms were clear and so Mr L would have

been reasonably aware of his contractual obligations regarding payment and the amount he needed to pay before he fully owned the car. On that basis CA Auto didn't uphold the complaint.

Unhappy with CA Auto's response Mr L contacted our service. He said, in summary, that the agreement was unaffordable and CA Auto shouldn't have lent to him; CA Auto didn't disclose that it would pay commission to the motor dealer; the add-ons were mis-sold; Mr L relied on the May 2025 clearance letter and reasonably thought the car now belonged to him; and M's attempts to recover the car were intimidating.

One of our investigators looked into what happened. He thought that CA Auto had carried out proportionate checks before agreeing to lend to Mr L, and had reached a fair lending decision after considering the information it had collected about Mr L. While he thought that some of CA Auto's correspondence was assertive, he hadn't seen anything to show that CA Auto or M had been intimidating in their interactions with Mr L. The investigator also thought that CA Auto was reasonably entitled to take the car back, however, he thought that it made mistakes when handling the voluntary termination process. For that reason, the investigator recommended CA Auto pay Mr L £350 for the trouble and upset caused.

Neither party agreed with the outcome. CA Auto accepted it made mistakes but said Mr L was aware he needed to return the car from the outset. It thought an award of £350 was disproportionately high in the circumstances of Mr L's complaint.

Mr L said, in summary, that key elements of his complaint remained unsolved, particularly the confusion that followed the finance clearance letter, the aborted collection attempt and the mis-sold add-on products. As no agreement could be reached the complaint came to me for a decision. I issued a provisional decision on 25 March 2026. In that I said:

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so, I've decided to partially uphold Mr L's complaint. I'll explain why.

Preliminary points

I should explain here that I won't be considering Mr L's complaint about the commission arrangement. I can't see that he's previously raised it with CA Auto. And in the event he did raise it with CA Auto, the timing of such a complaint would mean that, if a commission arrangement was in place between CA Auto and the motor dealer, the complaint would be subject to the Financial Conduct Authority (FCA)'s temporary complaint handling rules. The rules that are currently in place mean that firms don't need to provide responses to relevant complaints at this time. So, if Mr L hasn't already done so, he may contact CA Auto about any concerns he may have about the commission arrangement – but he should be aware that CA Auto is unlikely to answer the complaint until after the pause on complaint handling ends (currently this is 31 May 2026).

I'm also aware that Mr L has received an excess mileage invoice following the collection of the car. Again, this wasn't raised as part of the complaint to CA Auto that is now before me. Mr L needs to refer this back to CA Auto if he believes the mileage invoice is incorrect, or he is otherwise unhappy about it.

Mr L sent a substantial amount of information and arguments when submitting his complaint to our service, and in response to our investigator's assessment. I'm aware that I've summarised his response in rather less detail than he provided. I'd like to assure him that I have read and considered everything carefully. If there's something

I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this.

I think Mr L's complaint can broadly be summarised as being about:

- *CA Auto's decision to lend to him*
- *The mis-sale of additional products*
- *The finance clearance and collection of the car*

I'll address each of these points in turn.

CA Auto's lending decision

The FCA sets out in a part of its handbook known as CONC what lenders must do when deciding whether to lend to a consumer. In summary, a firm must consider a customer's ability to make repayments under the agreement without having to borrow further to meet repayments or default on other obligations, and without the repayments having a significant adverse impact on the customer's financial situation. CONC says a firm must carry out checks which are proportionate to the individual circumstances of each case.

When determining what's proportionate, we'd expect lenders to think about the nature of the credit (the amount repayable and the term, for example) and about the applicant's individual circumstances. I'd expect a lender to find out more about a prospective borrower's ability to repay if for example, a borrower's income was low, the amount lent was high, or the borrower's credit file reveals an impaired credit history.

I've thought about the checks CA Auto carried out. The application Mr L completed shows that he declared an annual income of £26,460. This equates to a net salary of around £1,820 a month or £420 a week. CA Auto provided its application notes which suggest that it carried out an income verification. I say this because the underwriting notes state 'income shows at 1.5K'. However, it isn't clear from the notes how this figure was obtained, or how it was verified. So, it could be argued that CA Auto ought to have done more to check Mr L's income.

However, Mr L sent us a weekly payslip dated 28 April 2022, so shortly after he entered into the agreement. This shows he was paid £421.53 in that week. Based on this I think it's more likely than not that CA Auto was able to verify the income Mr L declared in the way it said. For the sake of completeness, I'd add even if it didn't, doing so would not have made a difference to the overall outcome as it would have found out that Mr L's declaration was accurate.

CA Auto also checked Mr L's credit report. This didn't show any county court judgments or defaults. CA Auto noted that Mr L had been in arrears on one of his utility bills over a year prior to his application, but the arrears had been cleared and the account settled. Mr L had three revolving credit accounts with a total combined limit of £2,200 and a total outstanding amount of £916. Mr L managed these accounts well, with no missed or late payments.

CA Auto asked Mr L about his monthly rent. Mr L said he was living with parents and said he paid £200 towards rent. He also said he had no childcare costs. Deducting the declared rent and the credit commitments CA Auto found on Mr L's credit file from the income figure of £1,500, CA Auto calculated that Mr L would be left with

around £1,006 in disposable income from which to make the monthly repayments of just over £315 along with any other committed expenditure.

Overall, based on what I've seen, I'm satisfied CA Auto's checks were proportionate in the circumstances of Mr L's application. I say this because there was nothing in the information it gathered that ought to have raised concern about Mr L's ability to repay the agreement in a sustainable manner. Having concluded that CA Auto's checks were proportionate, I've gone on to consider if it made a fair lending decision. Given what CA Auto was able to establish about Mr L's credit commitments and living costs, and the income that Mr L would be left with after meeting his commitments, I'm persuaded it made a fair lending decision.

I've also considered whether CA Auto acted unfairly or unreasonably in some other way given what Mr L has complained about, including whether its relationship with Mr L might have been unfair under s.140A Consumer Credit Act 1974.

However, for the reasons I've already given, I don't think CA Auto lent irresponsibly to Mr L or otherwise treated him unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

The paint protection product

Mr L's complaint here is that he was mis-sold additional products, the cost wasn't transparent and the paint protection wasn't applied before he acquired the car. Under section 56 of the Consumer Credit Act 1974 the creditor (CA Auto here), can be held liable for things said and done by the dealership during the pre-agreement negotiations. CA Auto didn't respond to this part of Mr L's complaint, despite him raising this in May 2025. And Mr L raised his concerns again following our investigator's assessment.

I let CA Auto know that I intended to consider this element as part of my decision. In response, it sent me some information from the dealership that supplied the car and sold the add-on products.

I've considered the evidence provided by both parties, including a photo Mr L sent of the car's interior. I can't know what was said when Mr L attended the dealership at the time he acquired the car. Where information is missing or contradictory I must decide what I think is the most likely thing to have happened. And I think that it's reasonable I take into account the paperwork that was prepared on the day Mr L agreed to purchase the car and the additional products and entered into a finance agreement with CA Auto.

Mr L provided us with a copy of the hire purchase agreement, the compliance information sheet produced by the dealership, and a vehicle order form. The vehicle order form sets out that Mr L purchased a used car along with a paint protection product and a five-year guarantee. The individual cost of the car and products are clearly shown. This same information is shown on the hire purchase agreement Mr L signed electronically. Based on what I've seen it's reasonable to say that Mr L should have been aware of the cost associated with the added products. I haven't seen anything to show that the cost was hidden in any way, or that it was otherwise not transparent as Mr L says.

Mr L hasn't raised specific concerns about the guarantee (other than the cost, as per above). But he said the paint protection wasn't applied before he took possession of

the car. I asked the dealership for details about the product. It explained that it is a protective coating that, when applied to the car's exterior, helps protect the paintwork from things like road salts, insect liquids and other contaminants the car might get in contact with. When applied to the interior the product helps protect against spills, stains and general wear and tear on upholstered surfaces. The dealership said if a customer chooses to purchase the product it would usually be applied before the car is supplied to the customer. And there wasn't anything to show the product hadn't been applied as intended.

Mr L on the other hand said the vehicle wasn't in a good condition when he acquired it. I haven't seen anything to suggest that Mr L contacted either CA Auto or the dealership at the time so they could then assist him. There's very little evidence now given the time that has passed. And I'm aware the car has now been sold, so it's not possible to obtain any further evidence. Overall, the lack of available evidence makes it difficult to conclude the paint protection wasn't applied before Mr L took possession of the car.

Mr L did send our investigator one photo showing the back seats. The photo shows some staining on the seat, however I note that the remaining upholstery, including the back rests, appear in good condition. I'm mindful here that the product is designed to minimise the risk of staining rather than eliminate it altogether. Overall, I'm inclined to say that there's insufficient evidence to say that the paint protection product wasn't applied as intended.

Voluntary termination – finance clearance and collection of the car

I think it's fair to say that what happened following the voluntary termination of the agreement is the key aspect of Mr L's complaint. He said he reasonably believed he owned the car following the finance clearance letter CA Auto sent him in May 2025. However, when looking at the evidence as a whole, I can't see how the finance clearance letter led Mr C to conclude he owned the car when he hadn't paid for it in full and he had enquired about handing the car back.

My starting point here is the agreement Mr L entered in April 2022. The terms he agreed to be bound by state:

"TERMINATION: YOUR RIGHTS

You have a right to end this agreement at any time. To do so, you should contact us at [...]. You will not have to pay anything to us for the Goods if:

- (a) You return the Goods; and*
- (b) You have paid at least half the total amount payable for the Goods under this agreement, that is £11,583.66; and*
- (c) You have paid any overdue instalments; and*
- (d) You have taken Reasonable Care of the Goods."*

Clause 11 is titled 'Early Termination or Early Repayment by You' and states:

"11.1 You may terminate the HP agreement in the way set out in the notice headed Termination: Your Rights. If you do you must:

- (a) allow us to inspect the Goods to see if you have taken Reasonable Care of it;*
- (b) return the Goods at your expense at a time and place we may reasonably*

request;
(c) pay our reasonable costs if we arrange to collect the Goods from you;

[...]“

CA Auto's contact notes show that Mr L contacted it in October 2024 about a possible voluntary termination. So, it appears to me that Mr L was aware of his right to exercise this option and had a general understanding of what needed to happen even before he contacted CA Auto to discuss this further. Mr L was at the time looking to end the agreement and hand back the car, as is required under voluntary termination. I've considered the information CA Auto sent to Mr L in January and April 2025, before he chose to voluntarily terminate the agreement. These emails clearly set out that the car needed to be returned, the cost involved with this, how the collection could be arranged and what would happen after the collection. Mr L decided to go ahead with the voluntary termination.

On 11 April 2025 CA Auto emailed Mr L to confirm it had processed his instruction to voluntarily terminate the agreement. It said it had instructed M to inspect and collect the car, and that M would be in touch to arrange this with Mr L. It appears that collection was arranged for 8 May 2025. M attended but after Mr L said there was an ongoing complaint about the car M left. CA Auto's notes show that it spoke to Mr L on the phone the same day and subsequently raised a complaint. CA Auto then made a call to Mr L on 12 May 2025 to advise it had removed the arrears on his account as a gesture of good will. Mr L said he wouldn't return the car until the complaint had been investigated because of the amount he paid under the agreement and that he might be entitled to keep the vehicle. It's apparent from the contemporaneous notes that Mr L had decided not to return the car to CA Auto even before it issued the finance clearance letter.

Turning to the finance clearance letter. This is dated 21 May 2025 and confirms the agreement is settled in full and CA Auto no longer have a financial interest in the car. CA Auto said that this was an automated letter that was triggered by the arrears being cleared. It accepts the letter shouldn't have been sent at that point, as the car hadn't been returned. I've thought about this carefully. While it's clear that CA Auto made a mistake here in sending the finance clearance letter to Mr L, overall I'm inclined to say that everything that had gone before meant that Mr L ought to have reasonably been aware that he had to return the car. A reasonable expectation on receipt of the 21 May 2025 letter would have been to enquire with CA Auto about whether the letter was correctly sent, not to assume the car was now Mr L's when this is contradicted all the information CA Auto provided Mr L with previously.

I also can't ignore that Mr L told CA Auto he intended to keep the car pending his complaint being investigated. Mr L said he thought CA Auto had decided to let him keep the car because of his complaint. But I haven't seen anything at all to show that CA Auto indicated that it would be prepared to effectively write off in excess of £11,000 in order to resolve Mr L's concerns.

I do think CA Auto should have done more when Mr L emailed it in response to the finance clearance letter. While I accept CA Auto's explanation that it decided not to collect the car while it was investigating Mr L's complaint, I think it should have responded to his email to explain that he didn't own the car and needed to return it. And while I agree with the investigator that the letter may have caused some confusion, on the whole I'm not persuaded that the impact was such that it warrants a payment of £350. Instead, I'm inclined to say that CA Auto should pay Mr L £150 for the trouble and upset the incorrect information it provided caused.

Finally, Mr L said M's attempts at recovery were intimidating in light of the clearance letter and ongoing dispute. From what I've seen two attempts were made to collect the car, with the first being abandoned after Mr L explained there was an ongoing dispute. The second attempt in late July 2025 was successful. I appreciate that Mr L believed he didn't have to return the car. And it's possible that M were firm and insistent when they attended Mr L's property to collect the car. But I haven't seen anything to suggest that they intimidated Mr L or otherwise threatened him during the process."

CA Auto accepted my provisional decision. Mr L didn't respond.

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.

As neither party has provided any new evidence or information for me to consider, I've got nothing further to add – my findings are unchanged from those set out above.

My final decision

For the reasons set out above, I partially uphold Mr L's complaint and direct CA Auto Finance UK Ltd to pay Mr L £150.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 6 May 2026.

Anja Gill
Ombudsman