

The complaint

Miss S complains about the quality of a car supplied by CA AUTO FINANCE UK LTD ('CA').

What happened

The parties are familiar with the background details of this complaint – so I will briefly summarise them here. It reflects my role resolving disputes with minimum formality.

CA supplied Miss S with a second-hand car in March 2025 on PCP finance.

Miss S says the car had faults from an early stage. In particular, issues with the engine management light ('EML') illuminating in July 2025.

In October 2025 an independent inspection was carried out ('Report A') on the car which determined:

'There are multiple engine misfire, fuel and exhaust faults and multiple transmission faults'

Report A concluded that these were likely present at the point of sale. CA looked to cover the cost of repairs – but did not agree to cover the cost based on the quote for work Miss S obtained which was around £16,000.

The matter was escalated to this service. Miss S obtained another quote for repairs which was around £8,000. Our investigator thought that a fair and reasonable outcome is Miss S should be able to reject the car and receive reimbursement for monthly rentals, out of pocket expenses and compensation for distress and inconvenience.

CA did not agree with the methodology our investigator had proposed for redress.

Miss S did not agree with the view either – she ideally wanted to keep the car and have it repaired. She also thought the compensation for distress and inconvenience was too low in the circumstances.

The matter has now come to me for a final decision.

I issued a provisional finding on this case which said:

What I've provisionally 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.

While I might not comment on everything (only what I consider key) this is not meant as a discourtesy to either party – it reflects my role resolving disputes with minimum formality.

In considering what is fair and reasonable, I need to have regard to the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider having been good industry practice at the relevant time.

The agreement in this case is a regulated consumer credit agreement. As such, this service is able to consider complaints relating to it. CA is also the supplier of the goods under this type of agreement, and responsible for a complaint about their quality.

The Consumer Rights Act 2015 is of particular relevance 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”.

The Consumer Rights Act 2015 says the quality of goods are satisfactory if they meet the standard that a reasonable person would consider satisfactory taking into account any description of the goods, the price and all the other relevant circumstances. So it seems likely that in a case involving a car, the other relevant circumstances a court would take into account might include things like the age and mileage at the time of sale and the vehicle’s history.

The Consumer Rights Act 2015 (‘CRA from now on’) says the quality of the goods includes their general state and condition and other things like their fitness for purpose, appearance and finish, freedom from minor defects, safety, and durability can be aspects of the quality of goods.

CA supplied Miss S with a second-hand car that was around five years old and had done around 38,000 miles at the point of supply. The dealer priced it at £69,000. A reasonable person would consider that the car had already suffered some wear and tear – and was likely to require more maintenance than a less road worn model. However, noting that this was not a particularly old or high mileage car (and its price) I think the expectation of quality would be reasonably elevated here.

I know the car had some more minor issues. However, my focus here is on the major component issues. It is clear a reasonable person would not expect failure of major components on a car like this for a considerable amount of time. Unfortunately, it appears that after just a few months of use Miss S had the EML appear – and this was later confirmed by a credible Report A as indicative of underlying faults with the engine, exhaust and transmission system.

I note all parties appear to agree that the car as supplied was not of satisfactory quality. So I am not going to go into this matter in any detail here. Only to say that from the evidence provided (including Report A) I am in agreement that the car as supplied was likely not of satisfactory quality due to premature failure of major components.

The parties all appear to agree that the car is still faulty. But the issue here is that there isn’t an agreement on a fair remedy.

I understand Miss S wants a repair to take place as this is a car she really likes otherwise. Under the CRA she has a right to repair or replacement. But I note section 23 of the CRA specifies either has to be done by the supplier in a reasonable time and without significant inconvenience to her. Furthermore this section requires consideration of whether a remedy is impossible or disproportionate compared to the other.

Here I note that obtaining a repair or replacement has already gone on for an unreasonable period and Miss S has already been significantly inconvenienced. I also note that Report A isn’t clear about exactly what repairs are required that have prompted the errors (it says ‘further specialist in-depth diagnosis to identify the cause of each specific issue’ is required). Furthermore, the quotes Miss S has obtained indicate a lot of work is going to be carried out (one says 28 hours of labour). So I think there is a likelihood that repairs are going to take

significant time and cause further inconvenience. And might not even remedy the root cause of the problem. So prima facie I think rejection is more appropriate here.

I also note seeking a replacement of the exact specification age and mileage of this car is likely to be impossible. While the repair quotes Miss S has obtained to date (around £16,000 and £8,000) indicate that repairs are likely to be uneconomical. Furthermore, although it could be argued that this is not disproportionate due to the high value of the car – there is a sense (including from the comments in Report A) that no one is clear about exactly what is faulty. I note the pricing for repairs is significantly different – and contain inconsistencies too. So I think there is a chance that a lot of money could be spent on repairs without fixing the root issues, and fixing things which don't need repairing.

All things considered I think that rejection is the most fair and practical option in the particular circumstances here and with the CRA in mind. Therefore, CA should collect the car and end the finance agreement (without adverse information on Miss S's credit file).

I note the finance agreement indicates Miss S has paid an advance payment of £1,700 so she should get this back including out of pocket interest. However, if this turns out to be a dealer contribution (CA can confirm this by producing the invoice) then this will not be refunded.

I have considered what fair reimbursement would be here for time without the car. There appears to be no dispute that Miss S had been without it for a period from 24 July 2025 to 19 September 2025 connected with the faults. I understand that CA has already refunded Miss S for part of this period (£2,073.03). However, it needs to refund her any remaining balance due including out of pocket interest.

Our investigator said CA should also refund all payments 'from date of complaint to date of settlement'. But this would appear to lead to double recovery here and isn't reflective of time out of the car. I note Miss S says she was advised to stop driving the car (and did so) when Report A was produced. So her refunded payments should be the monthly rentals relating to the period from 23 October 2025 onwards.

There has been some confusion over the mileage Miss S has covered in the car in total. It appears that the second quote for repairs she obtained had incorrectly stated her current mileage as 46,257. However, a recent picture of her mileage shows its actually 42,857. Report A records the mileage as 42844. So it is clear that Miss S has used the car for about 4,860 miles total since getting it (rather than the 8,000+ CA understands). As Miss S has had notable use of the car I think it fair that she doesn't get all her monthly rentals back. But I also don't think she should have additional amounts deducted based on mileage.

I note the mileage information also shows Miss S has used the car since October 2025 – even though she previously said she had stopped using it. From what Miss S has explained this was very recently and minimal (about 13 miles) to get to appointments as she has a toddler and a newborn baby. Noting this I don't propose to fairly make any deductions from the refund of payments from October 2025 onwards.

I note Miss S has paid out for a diagnostic of £200 but this has already been refunded by CA. However, she has provided evidence of out of pocket expenses for recovery costs to move the car on three occasions to different garages in connection with the faults with it. She has evidenced this is a total of £520. CA should refund this and Miss S should provide the receipts to CA so it can also pay her out of pocket interest from the date of payment to the date of settlement.

I am satisfied this matter has caused Miss S significant distress and inconvenience over a prolonged period of time. Miss S had previously explained how difficult she has found it getting about without a car with a toddler and pregnant. She has had to rely on lifts and public transport. These things are not a science but I agree that in the particular circumstances £250 is not sufficient compensation to reflect the impact on her. I have looked at our website guidance on awards for distress and inconvenience in deciding a more appropriate figure here. In doing so (and noting the things Miss S has said) I am persuaded that an award of £500 is appropriate here. The issues with the car have caused considerable distress, upset and worry and significant inconvenience and disruption lasting over many months.

In mitigation I note CA did help get an expert report and offer to consider repairs. However, I think it could have looked to rejection sooner here. And while Miss S doesn't want that currently – had it been offered sooner she might have been in a position to more readily accept.

I hope my involvement can bring the parties to an agreement. However, I remind Miss S that she is free to reject my decision and take the matter by more formal routes (such as court) if she wishes.

Miss S responded to say that she wishes to retain the car and would be prepared to arrange for repairs at her own expense. Instead she would require reimbursement for costs she has incurred to date in relation to this issue including monthly finance payments since October 2025 onwards.

CA questions if the latest mileage figure is correct as the photo of the odometer is not dated. But it had no comment on the remainder of my 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.

The parties have not given me reason to depart from my provisional findings. So my final decision is the same for the reasons already stated above, and as follows:

I recognise that Miss M would like to come to a compromise with CA different to what I have directed. But considering the relevant law and the factors I have already explained including the extent of the repairs required and uncertainties with what is required to fully remedy the faults I am satisfied that my decision is fair and reasonable in all the circumstances.

Miss M is free to reject my decision and attempt to come to an alternative mutual arrangement with CA if she wishes. And I remind Miss M that my role is informal and if she is unable to agree to a settlement she can consider taking the matter by more formal means – such as court.

In response to CA, I consider the odometer photo was likely taken recently as it was I who requested it and because Miss M's testimony about not using the car seems credible. I don't see why Miss M would have had reason to take a photo of the mileage shortly after the Report A as CA has suggested and submit it as a more recent picture. I don't consider it necessary to delay resolution of this case further by requesting more information on this point.

Putting things right

As set out below.

My final decision

I uphold this complaint and direct CA AUTO FINANCE UK LTD to:

- Collect the car at no cost to Miss S;
- end the finance agreement with no adverse information remaining on Miss S's credit file;
- refund (if applicable) the £1,700 advance payment;
- refund the rentals related to the period from 24 July 2025 to 19 September 2025 after deducting the refund it has already made;
- reimburse all rentals paid relating to the period from 23 October 2025 onwards;
- reimburse the £520 recovery costs; and
- pay 8% simple annual interest on any refunds from the date of payment to the date of settlement; and
- pay £500 for distress and inconvenience caused.

If CA considers it should deduct tax from the interest element of my award it should provide Miss S with a certificate of tax deduction so she may claim a refund if appropriate.

Mark Lancod
Ombudsman