

The complaint

Mrs C complains that Hyundai Capital UK Limited trading as Hyundai Finance ('Hyundai') handled the rejection of her car unfairly and applied an unreasonable deduction for the mileage she added.

Mrs C has been represented on this complaint. But, to keep things simple, I will only refer to Mrs C in my decision.

What happened

In August 2024, Mrs C entered into a conditional sale agreement with Hyundai for a new car. After faults developed, Mrs C complained.

In an earlier final response letter from January 2025, Hyundai explained that the car was going to undergo repairs and said it would aim to complete these within a reasonable timeframe. It also offered Mrs C £150 to recognise the distress and inconvenience caused at that stage and said it would compensate her for the period without her car while she was provided with a courtesy car.

The car wasn't repaired within a reasonable timeframe, so Hyundai reopened Mrs C's complaint. Hyundai accepted in a final response from March 2025 that the car wasn't of satisfactory quality and agreed Mrs C could reject it.

Hyundai said it would charge Mrs C a total of £1,233.90 for use of the car at £0.45 a mile. And it offered £250 to reflect the distress and inconvenience caused.

Hyundai said the spare key and V5 registration document needed to be returned before the full refund could be processed. Mrs C was reluctant to return these items before receiving payment, but they were later provided. Hyundai completed the refund on 7 April 2025.

Mrs C remained unhappy so brought this complaint to our service. She said Hyundai delayed the refund, communicated poorly, and unfairly deducted the amount for her use of the car. She also considered the compensation insufficient.

Our investigator thought Hyundai acted reasonably in requiring the return of the V5 and spare key before refunding Mrs C but didn't consider the mileage-based deduction fair. He recommended Hyundai recalculate the usage deduction based on the monthly payments made prior to the fault.

Mrs C didn't agree and asked for an Ombudsman to make a final decision. I sent Mrs C and Hyundai a provisional decision on 30 March 2026. My findings from this decision were as follows:

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 uphold this complaint in part. While I broadly agree with the investigator's

conclusions, I've reached a different view on what constitutes fair usage. I'll explain why.

Hyundai accepted that the car wasn't of satisfactory quality and agreed that Mrs C was entitled to reject it. The dispute therefore centres on how Hyundai handled the rejection and refund process, and whether the deduction applied for Mrs C's use of the car was fair.

Mrs C says Hyundai acted unfairly by requiring the return of the spare key and V5 before issuing the full refund.

I've thought carefully about this. But under the circumstances of this case, I don't think it was unreasonable for Hyundai to regain possession and full control of the car, along with its documentation and all keys, before issuing a full refund.

Mrs C also says Hyundai breached the Consumer Rights Act 2015 ('CRA') by failing to refund her within 14 days. I've carefully considered this, the CRA states:

"A refund under this section must be given without undue delay, and in any event within 14 days beginning with the day on which the trader agrees that the consumer is entitled to a refund."

Rejection was agreed on 21 March 2025, which means without unnecessary delay, refunds should have been actioned by 4 April 2025.

All refunds including the deposit, apart from one monthly instalment of £169.05, were processed by 4 April 2025. The final instalment wasn't refunded until the spare key and V5 were returned. In the circumstances, as above, I consider it reasonable for Hyundai to complete the remaining refund only once it had regained possession of the car documentation and keys. Hyundai processed the outstanding payment shortly after receiving these items. Taking this into account, I'm satisfied the overall timing of the refund wasn't unreasonable.

I want to reassure Mrs C that I've carefully considered all the other points she's raised about this issue, including the guidance she referenced from the Financial Conduct Authority ('FCA'). However, I find Hyundai doesn't need to take further action.

I understand this situation would have been inconvenient for Mrs C. I also note that she had use of a car throughout this period, including a courtesy car from December 2024 to March 2025. So, she wasn't left without transport before she knew the car was being rejected.

However, I'm satisfied that Mrs C experienced a period of uncertainty while waiting for the repairs to be completed and, later, for the rejection and refund to be finalised. I can also see she needed to chase Hyundai for updates, and that they process wasn't always clearly explained. This would likely have caused frustration and inconvenience over a number of months.

Hyundai initially offered £150 in its January 2025 final response to recognise the inconvenience caused by the fault and repair process. It then offered a further £250 in March 2025, reflecting the additional inconvenience caused when the car wasn't repaired within a reasonable time and rejection became necessary.

Taking these payments together, I'm satisfied that the total award of £400 fairly reflects the overall distress and inconvenience caused to Mrs C. While this was a frustrating experience she did retain use of a car throughout, which limits the overall impact. So, I don't require Hyundai to pay anything further for distress and inconvenience.

I've finally considered the deduction Hyundai applied for Mrs C's use of the car.

Hyundai calculated this using a flat mileage rate of 45 pence per mile. I'm not persuaded this was fair or proportionate. Mrs C said she should only pay £458.34, based on the car having an expected lifespan of 250,000 miles. But I can't see this would be reasonable either.

Our investigator also didn't think these approaches were fair and said they think the monthly payment should be used as fair usage, but concluded usage should only be calculated up to December 2024, when the fault occurred.

However, I've reached a different view on this point.

The evidence shows that after the fault occurred in December 2024, Mrs C was provided with a courtesy car, which she had until around 14 March 2025. During this period, she continued to have use of a car and continued making payments under the agreement.

Mrs C has said the courtesy car was of a lower specification than the car she acquired. I've taken this into account. However, I haven't seen evidence to show what the specific differences were or that the car was unsuitable for her needs. While it may not have been like-for-like, I'm satisfied she still had use of a car.

This is where my findings differ from our investigator's. While I agree a mileage-based calculation isn't fair, I don't think it would be reasonable to limit usage to December 2024 when Mrs C continued to have use of a car for several months afterwards.

Taking everything into account, I think the fairest way to calculate usage is based on the monthly repayments Mrs C made under the agreement, applied on a pro-rata basis for the period she had the benefit of a car.

Mrs C paid £169.05 per month. I'm satisfied Hyundai can fairly retain payments covering from the date Mrs C was supplied the car to 14 March 2025.

As Hyundai instead applied a higher mileage-based deduction, they should recalculate the usage charge on this basis and refund any overpayment to Mrs C.

I gave both parties two weeks to respond with any further comments or evidence. Both parties 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.

Having thought about all of the information again, I still think this complaint should be upheld in part. This is due to the same reasons I set out in my provisional decision above.

My final decision

My final decision is that I uphold this complaint in part. I instruct Hyundai Capital UK Limited trading as Hyundai Finance to put things right by doing the following:

- Recalculate the fair usage charge based on Mrs C's monthly repayments of £169.05, applied on a pro-rata basis for the period from the date of supply to 14 March 2025
- Refund Mrs C any amount she was charged above this figure*

- Ensure that Mrs C has received a total of £400 for distress and inconvenience. If Hyundai has already paid any of this amount, it should pay any remaining balance

*This amount should have 8% simple yearly interest added from the time of payment to the time of reimbursement. If Hyundai considers that it's required by HM Revenue & Customs to withhold income tax from the interest, it should tell Mrs C how much it's taken off. It should also give Mrs C a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue and Customs if appropriate

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 12 May 2026.

Shannon O'Brien
Ombudsman