

The complaint

Mrs C complains that a car that was supplied to her under a finance agreement with CA Auto Finance UK Limited wasn't of satisfactory quality.

What happened

A used car was supplied to Mrs C under a finance agreement with CA Auto Finance that she electronically signed in February 2024. The price of the car was £14,990, the finance agreement included additional credit of £2,589 and Mrs C agreed to make 48 monthly payments of £343.02 and a final payment of £7,867 to CA Auto Finance. The car's timing chain snapped in October 2025 and the car required a new engine.

Mrs C made a claim under a warranty and the warranty company arranged for the car to be inspected by an independent expert in November 2025. Mrs C complained to CA Auto Finance about the car later that month and she also referred her complaint to this service. The dealer arranged for the car to be inspected by another independent expert and CA Auto Finance then said that the responsibility for the engine repair costs was with Mrs C and it wouldn't be offering a contribution towards the repair of it.

Mrs C's complaint was looked at by one of this service's investigators who initially didn't recommend that it should be upheld, but she then looked at the complaint again and said that, having considered everything, she didn't think that CA Auto Finance had acted fairly. She said that the evidence shows that Mrs C fully met her obligations by ensuring the car was serviced at all required intervals and the dealer had confirmed that each service was completed in line with the manufacturer's guidance, so it was difficult to attribute the fault to anything other than an underlying defect. She thought that the car wasn't of satisfactory quality when supplied and that Mrs C should be able to reject the car. She recommended that CA Auto Finance should: end the agreement and collect the car; refund Mrs C all rentals for the period from October 2025 and £624 for additional expenses, all with interest; pay £300 for any distress and inconvenience that's been caused; and remove any adverse information from Mrs C's credit file in relation to the agreement.

CA Auto Finance hasn't accepted the investigator's recommendation and has asked for this complaint to be escalated to an ombudsman. It has provided a detailed response to the investigator's recommendation from the dealer and says that it disagrees that Mrs C has a right of rejection. CA Auto Finance says, in summary and amongst other things, that: the car being serviced doesn't automatically make it or the dealer liable given that there are other potential causes of the fault; a manufacturer's recall isn't evidence of a car not being of satisfactory quality; and Mrs C has covered about 20,000 miles of fault free motoring before a fault occurred which would weigh in favour that the car was of satisfactory quality given that she's had significant use of it.

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.

CA Auto Finance, as the supplier of the car, was responsible for ensuring that it was of satisfactory quality when it was supplied to Mrs C. Whether or not it was of satisfactory quality at that time will depend on a number of factors, including the age and mileage of the car and the price that was paid for it. The car that was supplied to Mrs C was first registered in July 2019, so was about four and a half years old, it had passed an MOT test in February 2024 when its mileage was recorded as 42,951 miles, and the price of the car was £14,990. Satisfactory quality also covers durability which means that the components within the car must be durable and last a reasonable amount of time, but exactly how long that time is will depend on a number of factors.

Mrs C had paid £2,589 for products, including a service plan and a warranty. The car had passed an MOT test, with no advisories, in February 2024. The car was serviced and passed an MOT test in February 2025, with an advisory about a tyre, and its mileage was recorded as 54,779 miles. The car's timing chain snapped in October 2025 and, since then, the car has been inspected by independent experts in November and December 2025. Both inspection reports record the car's mileage as 64,395 miles, so in about twenty months between February 2024, when the car was supplied to Mrs C, and October 2025, when the timing chain snapped, the car had been driven for more than 21,000 miles.

The November 2025 inspection report says:

"In the engineer's opinion, being based on evidence written, reported, and observed during this assessment of the vehicle, the following can be concluded: Upon inspection of the above vehicle the engineer is able to confirm the issues reported by the dealership are present. The vehicle has broken the cam chain which is a common issue with this engine and has been upgraded to a thicker chain. Taking into account the condition of the oil this will have been a contributing factor due to the thickness of the oil/sludge, with the condition of the oil the engineer does not believe the oil would be in this condition if serviced in February".

The December 2025 inspection report says:

"We would conclude that we were able to confirm the cylinder head was covered in thick sludge and dark in consistency engine oil. There was evidence of oil residue to the air intake pipes. The camshaft timing chain was broken. There was excessive oil sludge to the camshaft. The vacuum pump was seized. The rocker cover and the container where the oil was placed into, was of same consistency of heavily darkened and thick sludge consistency engine oil. We would consider that this would have been caused due to potential poor servicing or DPF related issues, which would have caused oil dilution and for the oil to also become thick sludge consistency. At this stage we whilst we are not aware of the sale date/mileage, it is suggested that the vehicle has covered some 10,000 miles in the period of ownership, on thus basis the issues would not have been present or developing at purchase".

The dealer has provided an invoice showing that the car was serviced in February 2025, when its mileage was 54,779 miles, the oil was replaced and a new filter was fitted. Mrs C received an urgent safety recall about the car in November 2025. It says: *"We have identified that your [car] may be affected by premature wearing of the camshaft drive chain, leading to abnormal noise or to a breakage of the chain in the worst case".*

This is a finely balanced complaint as Mrs C was able to use the car to drive more than 21,000 miles in the 20 months after it was supplied to her, but CA Auto Finance provided her with credit to pay for, among other things, the car, a service plan and a warranty. Mrs C returned the car to the dealer for its service and she received an urgent safety recall about the car's drive train. The November 2025 inspection report said that a broken cam chain was

a common issue with this engine and said that the condition of the oil was a contributing factor. The December 2025 inspection report says that there was excessive oil sludge to the camshaft and that the engine failure would have been caused due to potential poor servicing or DPF related issues.

When I look at all of the evidence that's been provided, I consider it to be more likely than not that the car wasn't as durable as it was reasonable for Mrs C to expect it to be and that, for that reason, the car wasn't of satisfactory quality when it was supplied to Mrs C. I find that it would be fair and reasonable in these circumstances for Mrs C to be able to reject the car and for CA Auto Finance to take the actions described below to put things right.

Putting things right

I find that it would be fair and reasonable for CA Auto Finance to end the finance agreement and arrange for the car to be collected, both at no cost to Mrs C. Mrs C was able to use the car until October 2025, when its engine failed and I find that it would also be fair and reasonable for CA Auto Finance to refund to Mrs C the monthly payments that she's made under the finance agreement since then, with interest. It can keep the payments that she made before then as payment for the use that she's had from the car.

Mrs C paid £624 to a manufacturer's dealer in November 2025 for the issues with the car to be diagnosed. I find that it would be fair and reasonable for CA Auto Finance to pay £624, with interest, to Mrs C to reimburse her for that cost. Mrs C says that she's had to hire cars since the car's engine failed and that she should be reimbursed for the hire costs. I've already said that CA Auto Finance should refund to Mrs C the monthly payments that she's made under the finance agreement since the car's engine failed and I'm not persuaded that it would be fair or reasonable for me to require CA Auto Finance to also reimburse her for her car hire costs.

These events have clearly caused distress and inconvenience for Mrs C. I find that it would also be fair and reasonable for CA Auto Finance to pay her £300 to compensate her for that distress and inconvenience. If CA Auto Finance has reported any adverse information about the finance agreement to the credit reference agencies, I find that it should ensure that the information is removed from Mrs C's credit file.

My final decision

My decision is that I uphold Mrs C's complaint and order CA Auto Finance UK Limited to:

1. End the finance agreement and arrange for the car to be collected, both at no cost to Mrs C.
2. Refund to Mrs C the monthly payments that she's made under the finance agreement for the period since the car's engine failed in October 2025.
3. Pay £624 to Mrs C to reimburse her for the diagnostic costs that she's incurred.
4. Pay interest on the amounts at 2 and 3 above at an annual rate of 8% simple from the date of each payment to the date of settlement.
5. Remove any adverse information about the finance agreement that it's reported to the credit reference agencies from Mrs C's credit file.
6. Pay £300 to Mrs C to compensate her for the distress and inconvenience that she's been caused.

HM Revenue & Customs requires CA Auto Finance to deduct tax from the interest payment referred to above. CA Auto Finance must give Mrs C a certificate showing how much tax it's deducted if she asks it for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 19 May 2026.

Jarrold Hastings
Ombudsman