

## **The complaint**

Mr L complains about the quality of a car supplied on hire purchase by CA AUTO FINANCE UK LTD ('CAAF').

## **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.

Mr L says that within a few weeks of using the car a handbrake warning light came on. He says this was eventually fixed at no cost to him – but it caused inconvenience and out of pocket expense.

Our investigator upheld the complaint and directed CAAF to:

- pay the fuel costs for the two trips for repairs;
- pay the £150 for the diagnostic Mr L paid for; and
- pay an additional £100 compensation.

CAAF agreed to cover these costs. Mr L did not agree with the investigator's view so the matter has come to me for a final decision. I issued a provisional decision which said:

*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 to have 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. CAAF 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.

*In February 2023 CAAF supplied Mr L with a second-hand car that was around 7 years old and had done around 34,000 miles at the point of supply. The dealer priced it at around £18,000 which is less than what a new or newer model with less mileage would cost. It is fair to say that in these circumstances a reasonable person would consider that the car had already suffered some wear and tear – and was likely to require more maintenance than you might see on a newer, less road worn model.*

*However, saying that – this car was not particularly high mileage, and was not inexpensive, so I would not be expecting it to have issues related to handbrake warnings at an early stage.*

*In this case evidence shows that at an early stage Mr L had an issue with the handbrake warning light sensor appearing when the vehicle was put into park. I can see Mr L got a diagnostic showing a stored warning code relating to a handbrake at a mileage entry just prior to the mileage reading when Mr L was supplied the car. Furthermore, Mr L's testimony is credible that the warning appeared during his early use of the car. His correspondence backs this up - there is an email from Mr L to the dealer in July 2023 explaining the situation and requesting a repair (after he said it had earlier directed him unsuccessfully to go through the warranty).*

*I don't have job sheets showing exactly what work was carried out on the car – but no parties appear to dispute that there was a fault with the handbrake that was remedied or that it was likely present at the point of sale. So I don't consider it necessary to go into great detail about this matter – only to say that based on the evidence I have seen I agree that the handbrake issue was likely present at the point of sale and rendered the car of unsatisfactory quality.*

*In light of the CRA I think repairs are a reasonable remedy for this – because from the correspondence I have seen I don't think Mr L qualified for an early right to reject the car under the CRA. And when he contacted the dealer about the issue he appeared happy to accept repairs as a remedy in any event.*

*From what I have seen it appears the dealership eventually covered the cost of the repairs – but Mr L is unhappy with the amount of inconvenience caused by the whole process and the fact his fuel was wasted with two separate trips to the main dealer for repairs to be completed.*

*I note CAAF has now agreed to pay the fuel costs. I think this is fair. It appears that the trip from Mr L's home to the main dealer that carried out the repairs is about 20 miles. So the total return mileage for both visits would be about 80 miles. CAAF has not said what it is going to pay Mr L but based on what I have seen online on the 'gov.uk' site regarding advisory fuel rates for larger diesel engines I think that CAAF should pay Mr L at least £15 for this (around 18 pence a mile). I am unsure exactly when Mr L would be considered out of pocket for this expense but for simplicity I think CAAF should pay out of pocket interest on this refund calculated from the date the car first went into the main dealer for the handbrake related repair (CAAF should be able to confirm this with the dealer).*

*I note Mr L says he paid £150 for the diagnostic which showed the error code related to the handbrake. I don't see a proof of this cost although I note that CAAF has agreed to pay for this. If Mr L can produce proof of payment I agree it should pay for this but it should also pay 8% yearly simple out of pocket interest on this from date of payment to date of settlement.*

*Mr L's representative has explained the inconvenience of what happened and its impact on both her and Mr L. I am sorry to hear about the inconvenience to Mr L's representative but I am unable to make a compensation award for this as she isn't the customer of CAAF here.*

*However, I have considered the impact on Mr L in terms of when he was without the car and the overall distress and inconvenience he experienced.*

*I note the car appears to have gone in twice for the handbrake related repair. And from what Mr L has said it didn't come back the same day on both occasions as expected (it was the day after). Mr L was apparently not offered a courtesy car, which caused inconvenience with Mr L being without a car or having to borrow one.*

*So for starters I think that Mr L should get a pro-rated refund of 4 days of monthly rental to roughly reflect the time he was paying for but was without the car due to the repairs and without a courtesy car. Plus he should get out of pocket interest on these refunds calculated from the first date when the repairs were carried out (CAAF can confirm this).*

*I have also read what Mr L has said about the inconvenience and stress caused by the issue – such as being told by the dealer to go through the warranty company initially and generally having to chase up repairs and being without the car unexpectedly when it couldn't be returned on the same day. I think that considering how soon after supply the issue occurred and considering what the diagnostic showed CAAF could have been more helpful in getting the matter sorted out and sympathetic in its response to the complaint. I can also see that CAAF appears to have got miles and kilometres mixed up on the diagnostic indicating that Mr L had travelled many more miles than he had done when the diagnostic was carried out. This was not helpful.*

*Compensation is not a science but after considering what Mr L's representative has said about the impact on Mr L I think £150 is a reasonable amount of compensation here in addition to the redress I have already directed.*

*I note that since our investigator issued her view Mr L has focused on an issue about the car allegedly being sold with a full service history and this not being the case as it was not stored on the car. I have looked back at the original complaint Mr L made to CAAF including the complaint email Mr L forwarded to it that he had sent the dealer. And I don't see where a complaint about misrepresentation of the service history was clearly made here. The issue appeared to be about the handbrake fault. It follows that CAAF has not addressed misrepresentation of service history in its Final Response Letter. So I don't think that is a matter for me to look at here. I think Mr L can complain to CAAF about this separately so it can be properly investigated and responded to in the first instance.*

*I also note that more recently and after our investigator issued her view Mr L said that the car had a serious issue with a gearbox failure requiring a replacement at a cost in excess of £9,000. I am very sorry to hear about this issue – but it isn't a matter I can look into here. It concerns matters which occurred sometime after the complaint was made to CAAF about the handbrake – and which appear to be unrelated to the handbrake fault. CAAF needs an opportunity to fully investigate the matter before this service can get involved. So I am not going to comment on it in respect of this complaint.*

### ***My provisional decision***

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

- *pay Mr L £150 for the diagnostic (on production of proof of payment for this);*
- *pay Mr L £15 for fuel costs;*
- *pay Mr L a refund based on 4 days of rentals;*
- *on all refunds pay yearly simple interest at 8% from the date of payment to the date of settlement (based on the methodology in the body of my decision); and*
- *pay £150 compensation.*

*If CAAF choses to deduct tax from my interest award it should provide Mr L with a certificate of tax deduction so he may claim a refund if applicable.*

Mr L accepted my decision and provided evidence of payment for the diagnostic.

CAAF did not 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.

Neither party has given me cause to change my provisional findings – which I still consider fair for the reasons already given (above). These findings now form my final decision.

### **Putting things right**

See below for how CAAF should put things right. I am satisfied the £150 expense for the diagnostic has been sufficiently evidenced by Mr L.

### **My final decision**

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

- pay Mr L £150 for the diagnostic;
- pay Mr L £15 for fuel costs;
- pay Mr L a refund based on 4 days of rentals;
- on all refunds pay yearly simple interest at 8% from the date of payment to the date of settlement (based on the methodology in the body of my decision); and
- pay £150 compensation.

If CAAF choses to deduct tax from my interest award it should provide Mr L with a certificate of tax deduction so he may claim a refund if applicable.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 16 December 2024.

Mark Lancod  
**Ombudsman**