

### **The complaint**

Mr G complains about a defective vehicle he acquired with credit provided by Black Horse Limited, trading as Land Rover Financial Services ("LRFS").

### **What happened**

In January 2022 Mr G acquired a brand new land rover under a regulated hire purchase agreement financed by LRFS. It is not in dispute that this vehicle was faulty at the point of sale, and so I will not describe the problems in detail here. It is sufficient to say that the vehicle was taken back to the dealer on five occasions to be inspected and repaired, between March and November 2022. The fifth occasion happened when the vehicle broke down while Mr G's wife was driving it, leaving her and their child stranded by the roadside in the dark and cold for two hours in November.

The dealership provided a courtesy car, but by then Mr G had lost confidence in the dealer, who he says had been fobbing him off by claiming that one of the faults was not a fault but merely a characteristic of the car. The dealer was unable to diagnose the cause of the breakdown. So in November he asked LRFS for help.

Although the dealership did not admit liability, LRFS decided that based on the vehicle's history it would allow Mr G to end his agreement and return the car. It offered to refund his deposit and his monthly payments, less a deduction for the mileage (at 45p per mile), with interest on these refunds at eight per cent a year. It also offered to refund the cost of his private number plates, and £250 for his inconvenience. Following some negotiation, this offer was varied to increase the latter figure to £300, and also to reduce the mileage the deduction for use was calculated on by 500 miles.

Mr G accepted this revised offer, and the car was returned and the compensation was paid in January 2023. But a few days later, Mr G brought this complaint to our service. He wanted more compensation, and more interest on the refunds. He also said that the cost of fuel for the courtesy car had been much more than for the original vehicle, and he asked for a refund of the difference (about £30 a week over five weeks, or £150).

One of our investigators considered this complaint, but she did not uphold it. She thought that LRFS's offer was fair (and indeed that it was more than she herself would have recommended if no offer had been made). And she said there was no evidence that the courtesy car had cost more to fuel than the original car. Rather, they appeared to be about the same.

Mr G accepted what the investigator had said about the deduction for mileage, but he asked for an ombudsman to review the compensation for inconvenience and for fuel.

### **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 done so, I do not uphold it, for similar reasons to my colleague. I will explain why.

I accept that the vehicle was faulty at the point of sale, and that LRFS is liable for that. LRFS dealt with this matter promptly, once Mr G had complained to it. It took less than four weeks for LRFS to agree to end the agreement and take back the vehicle (it was entitled to take eight weeks). So in this decision I only need to consider how much compensation, and interest on compensation, was fair.

Although Mr G is no longer pursuing his point about the deduction for use, it might still be helpful if I address it briefly. As I've said, LRFS charged 45p per mile, and reduced the refund of his monthly payments accordingly. It says this is its standard charge for this. However, several third party websites each state that a common figure for calculating the depreciation of vehicles is 67p per mile.<sup>1</sup> So I'm satisfied that the way that LRFS calculated this deduction was reasonable.

I do understand Mr G's reasons for saying that £300 is not enough compensation for his inconvenience. The car was taken to the dealership five times in ten months, he had to spend a lot of time on the phone to the dealer about it, and the car was stressful to drive. And not only that, but also his wife and child were left by the road for two hours when the car broke down, and Mr G had to cancel a planned family holiday in a caravan for Christmas.

I don't think LRFS could have foreseen that the cancelled caravan holiday would be a consequence of the faults with the land rover, and in law damages for breach of contract can only be awarded for foreseeable losses (that is, foreseeable in January 2022). And as Mr G's wife and child were not parties to his contract, I'm afraid I don't think I can say that LRFS was wrong to leave their inconvenience (as opposed to Mr G's) out of account when deciding how much compensation to pay him.

That still leaves the inconvenience that was caused to Mr G. I do agree with him that £300 is a bit on the low side, and I think that – if I ignored the rest of the compensation – I would have been inclined to increase it. But I agree with the investigator that the refunds LRFS has paid for Mr G's monthly payments (more than a third of them) are a bit higher than we would normally award (20%). Taking that into account, I think that the *total* amount of compensation paid altogether is fair.

The investigator found (and shared with the parties) evidence that the two vehicles have very similar rates of fuel consumption and cost almost the same. I have seen nothing to contradict that evidence, and so I accept it. I do not doubt that Mr G and his wife still found that their expenditure on fuel increased while they had the courtesy car, but I don't think that is because the courtesy car was more expensive to run; it must be for some other cause, such as driving more in that period.

## **My final decision**

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 27 September 2023.

Richard Wood  
**Ombudsman**

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<sup>1</sup> Websites found via a Google search for *mileage depreciation "per mile"*.  
<https://www.google.com/search?q=mileage+depreciation+%22per+mile%22>