

The complaint

Mr B complains that Black Horse Limited hasn't done enough to resolve his complaint after he was provided with a faulty car financed through a hire purchase agreement.

What happened

Mr B acquired a car through a hire purchase agreement with Black Horse. He reported the engine management light coming on the same day and faults were identified. Mr B says that the dealer refused to repair the car due to the repair costs being too high and then he had to take several days off work waiting for the car to be collected. He says his experience has caused him stress and meant he has lost out on wages.

Black Horse upheld Mr B's complaint. It issued a final response letter dated 18 May 2023 saying that Mr B would be refunded his deposit from the dealer and that Black Horse would pay him £150 compensation for the upset he had been caused.

Mr B didn't think the resolution provided was sufficient. He said he had needed to take several days off work due to the issues he experienced and that he had raised a second complaint with the dealer about not collecting the car which he hadn't received a response to. He said he incurred additional costs of tax and insurance due to the time it took for the car to be collected. He wanted £2,000 compensation to reflect what he had been through, his financial loss, and his credit score being affected.

Our investigator thought that Black Horse had done enough to resolve this complaint. He said he wasn't recommending interest be added to the refunded amounts as Black Horse had refunded around six weeks of repayments relating to the time when Mr B had use of the car. He said keeping the car taxed and insured were the terms of the finance agreement and so he didn't require Black Horse to refund these or the £50 insurance cancellation fee although he noted that the dealer had offered to refund some costs and said Mr B should speak to it directly. He didn't think there had been any adverse information recorded on Mr B's credit file as a result of this agreement.

Our investigator noted the time Mr B had spent dealing with the issues and that he had lost out on work but said we don't consider loss of wages, but inconvenience and he thought the £150 offered by Black Horse was reasonable for the inconvenience Mr B had been caused. He noted Mr B's comment about a second complaint about the dealer not collecting the car but said he couldn't hold Black Horse responsible for the service provided by the dealer.

Mr B didn't agree with our investigator's view. He said he didn't reject the car but was forced to hand it back. He said he was required to keep the car taxed and insured for longer than he should have due to the issues with the dealer collecting the car and reiterated that he lost money waiting at home for his car to be collected on many occasions.

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.

I understand why Mr B is upset by the experience he had following his acquisition of a used car through a hire purchase agreement with Black Horse. The inception of the hire purchase agreement was on 30 September 2022 and the car was delivered on 2 October 2022. The same day Mr B reported the engine management light being on which was due to an issue with the catalytic convertor. The car was booked into a garage in November, but the dealer said that due to the high cost of repair the return of the car and refund to Mr B was authorised.

I note Mr B's comment that he didn't choose to reject the car but was forced to return it. While I understand this would have been frustrating, under the Consumer Rights Act 2015, the dealer isn't required to carry out repairs if they are considered uneconomical compared to the value of the goods. In this case the dealer said the cost of repair was too high and so it was agreed the car would be returned and a refund provided.

When a car is returned due to it not being of satisfactory quality, as is the case here, we would expect the finance agreement to be ended with no further liability to Mr B, any deposit paid to be returned along with interest and the car to be returned at no cost to Mr B. We would also expect Mr B's credit file not to be adversely affected by any issue relating to the agreement and would also expect associated costs that had been incurred due to the issues arising from the faulty goods to be considered.

In this case, the dealer confirmed that it requested for Mr B's finance agreement to be unwound and Mr B was contacted about the collection of the car. Mr B's deposit was returned and as Mr B had maintained his payments to the point the agreement was settled, I am not aware of any adverse information being recorded on his credit file.

The outstanding issue relates to the additional costs and distress and inconvenience Mr B has experienced. Mr B maintained his payments until the agreement was settled in February 2023. He did have some use of the car for a short period after acquisition but given when the issues arose, I find it reasonable that all of the payments Mr B made under this agreement were refunded. I note that there isn't mention of interest being paid on the refunds Mr B received but given the timings involved in this complaint and that Mr B was provided with a full refund when he had some use of the car, I find this a reasonable outcome.

I have noted the other costs Mr B incurred and can see that the dealer in its email dated 23 December 2022, said that it would cover the cancellation costs of Mr B's insurance if he sent the invoice and also arrange for a refund of Mr B's car tax for the months he wasn't able to use the car (noting that the DVLA would provide a refund for the period once a change of ownership had occurred). Mr B has said he didn't receive a refund for his tax and I find that he should contact the dealer directly about these refunds if needed.

Mr B has said that he incurred costs because he had the car for longer than he should have due to the delays in the car being collected and needed to take several days off work because of the issues with the car and its collection. I understand he has raised a separate complaint about the delays in the car being collected with the dealer but it hasn't responded. I cannot hold Black Horse responsible for the service provided by the dealer. However, I have considered the inconvenience Mr B was caused by the issues arising from being provided with a car that wasn't of satisfactory quality, including returning the car.

The dealer has provided a timeline of the events. The first collection was scheduled for 20 January 2023, but Mr B was wrongly told collection was scheduled for 21 January. The collection was then rearranged for 4 February 2023, but Mr B said no-one turned up. A further collection date was set for 8 February 2023, but this was cancelled due to Mr B not

being available. And the car was collected on 14 February 2023 at a time convenient to Mr B.

I have considered the inconvenience Mr B has been caused both due to the initial issues with the car and then in regard to having the car collected. As has been explained we don't usually make a specific award for someone's time, or calculate it using a set amount, instead we factor in the inconvenience experienced spending time dealing with the issue. I have considered the overall inconvenience Mr B was caused by being provided a car that wasn't of satisfactory quality and the resulting steps that needed to be taken. Black Horse said it would make a payment of £150 because of this and in this case, noting the other actions that have been taken in regard to this complaint, I find this reasonable.

My final decision

My final decision is that the £150 compensation offered by Black Horse is a reasonable response to this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 28 November 2023.

Jane Archer
Ombudsman