

The complaint

X complains that he was mis sold a finance agreement in relation to a car that was supplied through a hire purchase agreement with Black Horse Limited (BHL).

What happened

In August 2023, X acquired a used car through a hire purchase agreement with BHL. The cash price of the car was £16,369, X paid a deposit of £1,500 (which he said included a dealer contribution), so the total amount financed on this agreement was £14,869 payable over 48 months.

X said he was told by the dealership that once he'd paid half of the term of the agreement he could return the car. X said it was part of the reason why he decided to acquire it. X said he received the agreement after he'd signed for it, and that it wasn't until after he read it, he realised he had to pay half of the total value before he could return the car.

X said he decided to cancel his agreement within the cooling off period but was told the dealership would not take the car back.

X said he wants the agreement ended or for it to be amended to reflect what he was told by the dealership, that he only has to pay half the term rather than half the total amount of the loan before he could return the car.

On 6 September 2023, BHL issued their final response. In it, they said X needed to refer his complaint to the dealership and concluded that X had the opportunity to read through all the information about the loan before signing it. They added that X signed the regulatory requirements page to confirm that he'd been given the pre contract credit Information (PCCI) and pre contractual explanation (PCE) and had reviewed and confirmed the affordability and change of circumstances question.

Unhappy with their decision, X brought his complaint to our service for investigation.

Having reviewed the information on file, one of our investigators recommended that X's complaint should not be upheld. The investigator concluded that it was X's responsibility to read through all the information and felt he was provided with sufficient information to make an informed choice whether to go ahead with the agreement or not.

X disagreed with the investigator's view. He reiterated that he was told by the dealership he could return the car after half the term was paid, and didn't understand why he'd be left with the car if he chose to withdraw from the agreement.

The investigators' view remained unchanged, so X asked that his case be referred to an ombudsman for a final decision.

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.

In considering what is fair and reasonable, I've thought about all the evidence and information provided afresh and 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.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

X complains about a hire purchase agreement. Entering into consumer credit contracts like this is a regulated activity, so I'm satisfied we can consider X's complaint about BHL.

X told us that he believes the finance agreement was mis sold to him because he was told he could return the car after having paid for half of the term. X also provided a copy of the pre contract information he received at the point of sale which didn't have any information about when he could hand the car back. X feels this supports his assertion that he wasn't provided with all the necessary information at the time.

X believes he was misled into entering into a type of agreement he didn't want and so I've considered whether BHL had misrepresented the finance agreement to him. I've also considered whether the information given to X about the agreement was fair, clear and not misleading.

I would consider a misrepresentation to have taken place if X was told a false statement of fact, that induced him into entering into the agreement when he otherwise wouldn't have.

Having considered all the evidence provided, I'm not persuaded this was the case here.

Under section 56 of the Consumer Credit Act 1974, the finance provider (BHL) can be held responsible for antecedent negotiations (meaning what was said or done) by the broker and/or supplier (the dealership) before the consumer enters into a finance agreement. So, I've taken this relevant law into account when looking into this complaint.

In his complaint form, X said he had 'several' conversations wherein he believes he was given deceptive information about the early termination terms. X said the dealership gave him a number of different answers before relating to when the car could be returned.

In their file submission, BHL said their records show that X requested a web print of the documentation prior to signing the agreement and that reviewing the documentation is a requirement before the agreement can be signed.

Although I've seen emails from after the agreement was taken out, between X and the dealership with regards to it being cancelled, I've not seen any evidence, in addition to what X has told us, that he was told the car can be handed back after half the term was paid.

I've seen no definitive evidence that BHL made a false statement of fact. I do however acknowledge that the ability to hand the car back was an important element of the agreement for X. I say this because the emails following the agreement being signed, suggests this feature was important to him.

Both parties have agreed that X asked questions in relation to handing the car back before the agreement was signed. So, I'm persuaded X made enquiries about it at that point. However, considering X said he was given conflicting information about it, I think it's reasonable to think X could have confirmed this particular feature of the agreement prior to signing it.

I acknowledge X said he didn't receive a printed copy of the agreement prior to signing it, and that he was only given a few pages of the pre contract information which didn't have the termination details included, but I do think it would have been reasonable for X to ask to review the information he was going to sign before doing so. For example, X said he signed the agreement on an electronic tablet, which he said the sales adviser scrolled through the pages for him. However, I think X could have requested that he be given some time to review the information on the tablet before signing it.

So, all things considered I'm not persuaded X was misled with a false statement of fact. I think it's more likely that X wanted to know about handing the car back and made some enquiries about it. I think it's likely X made the decision to sign the agreement in the knowledge that he didn't fully understand what was required to hand the car back.

I'm persuaded the information X required would have been in the documentation that he signed, and so I also think it's reasonable to say that X was given an opportunity to review it before signing it.

The Consumer Credit Sourcebook (CONC), which can be found within the Financial Conduct Authority's (FCA) handbook, says that a business must ensure that a communication or a financial promotion is clear, fair, and not misleading.

CONC 3.3.1 provides some examples which include ensuring that communication is clearly identifiable, is accurate and presented in a way that is likely to be understood, or that does not disguise, omit, diminish or obscure important information.

Having had a look at the agreement I'm satisfied the information is clear in relation to handing the car back. Under the section '*Termination: your rights*', it says how much needs to be repaid before the goods can be returned.

The information relating to withdrawing from the agreement I think is also clear and not misleading on the agreement, under the section '*your right to withdraw from the agreement*'. Under this section it says withdrawing from the agreement '*will bring the finance agreement to an end, but does not automatically mean you can pull out of buying the vehicle...*'

I'm satisfied the information within the agreement was in line with the rules set out by the FCA and I'm satisfied that X had the opportunity to review it before he entered into it.

As I've concluded that BHL did not misrepresent the finance agreement to X, I don't require BHL to take any action in respect of this complaint.

My final decision

Having thought about everything above along with what is fair and reasonable in the circumstances I don't uphold X's complaint against Black Horse Limited

Under the rules of the Financial Ombudsman Service, I'm required to ask X to accept or reject my decision before 2 July 2024.

Benjamin John

Ombudsman