

The complaint

Mr T complains about a motor finance agreement he took out with Black Horse Limited trading as Land Rover Financial Services (Black Horse). Mr T believes that he has lost out as a result of Black Horse paying an undisclosed commission to the broker who arranged the credit agreement for the car.

Mr T is represented in his complaint by a third party. But for ease, I will refer to all submissions from Mr T and his representative as if being made by Mr T.

What happened

In 2018 Mr T acquired a new car, which was paid for mostly through a hire purchase agreement with Black Horse. The cost of the car was in excess of £80,000 and in addition to the amount of credit provided through the hire purchase agreement, I understand Mr T received a £1,500 finance deposit allowance, which was used to reduce the amount borrowed. The hire purchase agreement was to be repaid over 37 months and had an APR of 5.9%.

Mr T believes he has lost out financially and paid a higher rate of interest on the finance agreement because of Black Horse making a commission payment to the credit broker who arranged the finance agreement. Black Horse has said that it did not pay a commission to the credit broker for arranging Mr T's finance agreement and it does not therefore consider that Mr T has lost out because of this.

Mr T remained unhappy and referred his complaint to our service, where it was considered by one of our investigators. They set out that from the evidence they had seen they were not persuaded Black Horse did make a commission payment to the credit broker for arranging the finance agreement. The investigator explained that the payment the credit broker received from Black Horse was a Manufacturer Dealer Credit, which the manufacturer paid the broker for the consumer taking out the credit agreement. And that although Black Horse did make the payment to the credit broker, this was on behalf of the manufacturer when the credit agreement commenced. Black Horse would be reimbursed by the manufacturer and effectively only acted as a facilitator of the payment.

Mr T did not accept the investigator's conclusions and the complaint has been passed to me to consider.

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 have come to the same overall conclusions as the investigator, for what are broadly the same reasons. Mr T believes that he has lost out as a result of Black Horse paying a commission to the credit broker who arranged the finance for the vehicle. Mr T

essentially believes he has paid more in interest and charges towards the credit agreement and this has been caused by the commission payment he believes Black Horse paid the credit broker.

Black Horse has indicated that it did not however pay a commission to the credit broker for arranging the finance agreement for the car. It has provided a screen shot of its system that refers to a zero amount next to the commission section. Black Horse does accept that it paid the credit broker a Manufacturer Dealer Credit, but argues it merely facilitated the payment on behalf of the manufacturer. Black Horse has explained the Manufacturer Dealer Credit is a payment made by the vehicle manufacturer to the credit broker where the consumer takes out a credit agreement for the car with Black Horse. This payment is made by Black Horse when the credit agreement is taken out and Black Horse would then invoice the vehicle manufacturer and be reimbursed by the vehicle manufacturer the following month.

Having considered all that the parties have said and provided in this complaint, I'm satisfied the payment made in this instance is not a commission payment made by Black Horse to the broker for arranging the credit agreement. This appears to be an arrangement that the manufacturer has with Black Horse so the manufacturer can be sure the payment is only made when the finance agreement is actually taken out. The payment is also referred to as a Manufacturer Dealer Credit, which in my view supports the fact that this is a payment between the manufacturer and dealer, which is also the credit broker.

Black Horse's screen shot of its system shows a zero figure next to the section marked commission and I have not been provided with anything else that demonstrates Black Horse made a commission payment to the broker, as Mr T alleges. And I do not therefore consider Mr T has lost out or paid a higher interest rate for the finance agreement, as a result of a commission payment from Black Horse to the credit broker, as I don't consider the payment here is actually a commission payment from Black Horse to the dealer.

Mr T argues that the commercial arrangements between the lender and the manufacturer should be fully disclosed, but I do not consider this necessary in this instance. As I have set out above, Mr T's complaint is about the payment of a commission between Black Horse and the broker who arranged the finance agreement, but I am satisfied that no commission has in this instance been paid by Black Horse to the credit broker.

My final decision

My final decision is that I do not uphold Mr T's complaint against Black Horse Limited trading as Land Rover Financial Services. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 30 November 2025.

Mark Hollands
Ombudsman