

## **The complaint**

Mr A is unhappy with how Black Horse Limited (“Black Horse”) handled his credit applications to finance a new car, which ended with him being declined for finance.

## **What happened**

Mr A identified a car he was interested in acquiring and applied and was accepted for finance through Black Horse on 3 December 2023. Subsequently, he changed his mind due to issues with the car, so he decided not to go ahead with acquiring this car.

He spoke to Black Horse on 7 December, and they confirmed he couldn’t transfer that finance application to another car from a different dealership, and that he would have to cancel the original application and apply again if he wanted the other car.

On 8 December 2023 he submitted a new application, but this was declined. All he was told was that this may be connected to information held on his credit file, but they wouldn’t provide further information.

Mr A requested a call back from a manager to discuss this, which didn’t happen, and when he chased this up and eventually spoke to a manager, he has said they were rude and dismissive. He complained at this point to Black Horse about the service he had received, and the fact he had been left without a car over the Christmas period. He also said he thought that he was being treated unfairly due to his name.

He’s also said that he handed back a company car after the first credit search was successful, so was left without a car. And that the credit searches carried out have impacted his credit record meaning a later application to a different lender was also unsuccessful.

Black Horse issued their final response letter in December 2023 and upheld his complaint in part. They apologised that their communication hadn’t been clear with Mr A about the potential outcome of his subsequent finance application; they accepted that the call handler wasn’t clear that a second application could not be guaranteed and would be subject to underwriting.

They also confirmed that Mr A had gone on to re-apply for finance on the original car after a lower price was agreed with that dealership, but this had also been declined. They explained that they weren’t upholding his complaint against the decision to decline him finance, as this was correct, and he should check his credit report and files or refer to the credit reference agencies for further support about this decision.

They offered him £100 for the distress and inconvenience caused by their lack of clarity in the telephone calls he had with them.

Unhappy with this outcome, Mr A brought his complaint to our service. Black Horse made an increased offer when the complaint came to our service, offering a further £200 on top of the £100 already offered, to recognise their poor service in handling his calls and a lack of clarity.

An investigator here put this offer to Mr A, but he didn't accept this. The investigator then investigated the case and said they wouldn't be recommending anything more than this offer. They said that in this type of scenario, our service would not look to change a lender's decision to choose not to offer lending and highlighted to Mr A that they had said it was his credit rating/record which was causing the problems. They agreed that the customer service from Black Horse was unclear but said the lending decisions were made fairly from what they had seen, and therefore they wouldn't look to offer any more than Black Horse had already offered.

Mr A didn't agree with this and asked for an Ombudsman to make a final decision on his case.

### **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've reached the same overall conclusions as the investigator, and for broadly the same reasons. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome.

In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and (if appropriate) what I consider was good industry practice at the time.

Any lender is entitled to make its own decisions about whether to lend to any particular customer, in any particular set of circumstances. As such, Black Horse were entitled to decline the second application for Mr A, along with subsequent applications, and they have said that he should check his credit file/record and potentially discuss this with the credit reference agencies.

The fact that they accepted the first application and then declined the second application is also not a concern. The feedback they've provided suggests potentially something different has appeared on his credit file, between applications. This may not have been an immediate change he's made but could be something that had taken a while to update on credit reports, or perhaps just happened to occur when a credit file was updated between applications.

But fundamentally, Black Horse are allowed to change their mind, and not accept any application at any time from a customer, and don't need to provide detailed reasons for this.

The fact that Mr A reapplied again for the original car just at a renegotiated cheaper price and was still declined suggests that this was the case. Mr A hasn't confirmed any details with regards to his credit file or what he's found, so I can't comment any further on this.

Mr A feels that he shouldn't have been advised to cancel the original application before the second one happened, but I don't agree with this. Without cancelling the first application, which he had said he didn't want as he no longer wanted that car, his credit file potentially would have shown an existing application pending which could have prevented him being approved for a further application. I'm also satisfied that he told Black Horse that he no longer wanted the original car, so there appears no reason to have left the original application open.

Black Horse also made it clear that his original application could not be transferred to another vehicle or dealership. An application is underwritten at the time and date of that application, in relation to a specific car at a specific price. Therefore, I agree that this is a fair

process, and it couldn't be transferred at another point to another application to finance a car, or to finance the same car even but at a different price.

Black Horse have said that they don't feel their call handlers were suitably clear when discussing the situation with Mr A, and I agree that this warrants the upholding of his complaint, and the amounts offered for his distress and inconvenience.

However, I haven't seen or heard any evidence that any agent told Mr A he was "guaranteed" to be accepted on a further application, and thinking about this, I don't think on the balance of probabilities that conversation is likely to have happened. Not being clear that any new application will need to be underwritten again and may not succeed is a mistake that I could understand, even if it's still a clear mistake. I'm glad Black Horse have recognised this and compensated Mr A for the distress and inconvenience caused by this. But to tell a customer that they'll definitely be approved, or that it was guaranteed, doesn't feel likely on the balance of probabilities, and there's no evidence been supplied this has happened.

But even if this conversation has happened, that wouldn't mean Black Horse would need to resolve this complaint differently. If a mistake has been made, I wouldn't expect Black Horse to have to now offer finance, where they've already realised that the application isn't one they can accept. That is potentially detrimental to Mr A and could just create a further problem. They re-looked at a further application for the original car and it was declined, so it seems likely that there have been changes to Mr A's credit file which have caused their opinion on his applications to change.

Finally, Mr A mentioned he felt his application may have been treated unfairly because of his name. I'm unclear exactly what he means by this, but I've looked through all contact notes and file notes from Black Horse and can only see references to his credit file and changes within it. I've seen no evidence of any other reasoning for these decisions, so I don't agree with this statement.

Ultimately, Black Horse have accepted that their call handlers weren't clear enough with Mr A that any application is subject to new underwriting. They've apologised and offered to compensate him for the distress and inconvenience this caused. Alongside this, they've accepted that offering to get a manager to call him back and then not carrying this out when promised, was also poor service. But there was no different outcome here available to Mr A regarding his application. He told them he didn't want the original car and agreed to cancel the application to make it more likely the subsequent application would pass.

Something has changed in his credit file, which means Black Horse no longer felt it appropriate to finance a car for him. That is something they are entitled to do, and is about being fair to their own business, and potentially, Mr A as well, if they have concerns about the loan being repaid. If something in Mr A's credit file gave them concern, I wouldn't expect them to approve a loan, even if they'd approved one previously.

Mr A seems to believe that because the original application was approved on one occasion, he is entitled to that finance on a different occasion. But I'm afraid I don't agree. In the time he was looking at cars here, a period of a few days, his credit file appears to have changed. As such, if it's now no longer appropriate to offer him this finance, Black Horse are making a fair decision to both him and their own business. It arguably wouldn't have been fair to provide him with finance when by the time he acquired the car, his credit file had changed and taking this finance may in fact be a risk financially to him, as well as Black Horse.

I know Mr A originally declined both the payments offered by Black Horse to recognise his distress and inconvenience. So, I don't believe either the original £100 offered or the further

£200 offered to Mr A have been paid to him. If he makes contact with Black Horse now to confirm he will accept these payments, I would expect Black Horse to pay them to him. I'm satisfied the offers made totalling £300 are fair compensation for the service failings, and I won't be asking Black Horse to do anything further.

### **My final decision**

I am not upholding Mr A's complaint about being declined finance and agree that the total of £300 compensation offered for service failings by Black Horse is fair.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 18 October 2024.

Paul Cronin  
**Ombudsman**