

The complaint

Mr L complains about a car supplied to him using a hire purchase agreement taken out with Black Horse Limited ("Black Horse").

What happened

In March 2023, Mr L acquired a used car using a hire purchase agreement with Black Horse. The car was around seven and a half years old, the cash price of the car recorded on the agreement was £11,599.99, the agreement was for 60 months, made up of regular, monthly repayments of £286.12, which was broken down as £261.05 for the car and £25.07 for insurance products and warranty cover taken out at the same time. The final payment also included a £10 option to purchase fee. The advance payment recorded on the agreement was £1,000. The mileage recorded on the agreement for the car was 46,565 miles.

In July 2023, the car broke down and Mr L used a third-party breakdown service.

Mr L informed the supplying dealership, and the car was also inspected by them. Mr L was given a courtesy car while the car was being diagnosed.

In August 2023, the supplying dealership explained to Mr L that the car needed a new engine and said it would cost around £3,175. Mr L also informed Black Horse of the situation as his warranty provider would only cover £2,000 of the repair costs.

On 11 October 2023, Black Horse issued Mr L their final response on the matter. They explained that they upheld his complaint and that they agreed to cover the cost of repairs after deducting the warranty cover's contribution. Black Horse also made a payment of £519.81 to Mr L. This payment was partly as a distress and inconvenience and loss of enjoyment payment, alongside reimbursements for roadside repairs and diagnostic reports which occurred with the car.

Black Horse also explained that while repairs had been carried out, the car needed to be booked in to resolve an electrical fault which might have been due to a trapped wire.

In October 2023, Mr L collected his car and returned the courtesy car he was given. Mr L believed he was told that a new engine was fitted, and that the car was also serviced just before collection.

In April 2024, Mr C said he was driving to work and the car cut out while driving. He said an error appeared on the car's dashboard. Mr L used a third-party breakdown service and the recorded mileage on the breakdown report was 68,912 miles. The breakdown agent identified that there was an engine misfire, which Mr C said was the same issue when the car broke down in July 2023.

Mr L informed the supplying dealership of the issue, and the car was sent back to them. Mr L was surprised the same issue occurred less than a year from a new engine being fitted.

Mr L said he wasn't given a courtesy car and said he had no option but to hire a car.

Later in the month, Mr L complained to Black Horse as he didn't think the car was of satisfactory quality.

Mr L was informed that his warranty claim for repairs had been rejected due to not having a record of a recent service. Mr L disputed this as he said the engine replacement was only around six months old, and he said he was told the car was serviced by the supplying dealership when he had the repairs carried out.

Mr L didn't receive a final response from Black Horse within eight weeks of complaining to them, so he referred his complaint to our service in June 2024.

Eventually, in July 2024, Black Horse issued their final response to Mr L. They explained that they didn't uphold Mr L's complaint as they believed the car hadn't been maintained in line with the car's recommended guidelines, which was a breach of their terms and conditions. They said the car had been driven 15,487 miles in the eight months between when the engine was replaced, and the second engine had failed.

Mr L supplied what he believed was a copy of a service carried out to the car by a third-party in February 2024. The service form was dated 28 August 2024.

Our investigator issued their view and explained that he didn't uphold Mr L's complaint. In summary, he said that the car needed to be serviced every 12 months or 12,500 miles (whichever came first), and from what he had seen, he didn't think it had been. The investigator said that he didn't believe the car had been serviced between when the car's first engine failed and up to when the second engine failed, which was less than 12 months, but over 12,500 miles. And so he didn't think Black Horse needed to do anything further.

Mr L disagreed with the investigator's findings and among other things, believed he did service the car in February 2024. Our investigator asked for proof of payment made for the service that he said took place in February 2024. Mr L said he paid in cash and didn't have any bank related documents he could provide.

The investigator explained that he wasn't persuaded to change his view. As Mr L disagreed with the investigator's findings, the complaint was passed to me to decide.

Mr L confirmed to our service that the car had been repossessed by a third-party, on behalf of Black Horse. Black Horse informed our service that payments from Mr L ceased in July 2024. Due to the arrears on the account, the car was repossessed. The car has now been sold.

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'm not upholding this complaint, and I'll explain why below.

I'm aware I have summarised events and comments made by both parties very briefly, in less detail than has been provided, largely in my own words. No discourtesy is intended by this. In addition, if there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is a fair outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as an alternative to the courts.

I have noted that Black Horse have issued two final responses to Mr L in relation to this agreement and car; the first being on 11 October 2023; and the latter being on 25 July 2024. As this complaint was referred to our service on 21 June 2024, over six months after the date of the October 2023 final response, I can't consider aspects that were addressed within it. However, I can see that Mr L complained to Black Horse again about the quality of the car, as further events occurred after 11 October 2023. And I'm satisfied Black Horse responded to those further points raised in July 2024. So, it follows that I'm satisfied I can consider it. In order to consider this further complaint, I will still need to consider the history of faults and repairs carried out to the car, which may have been addressed in the October 2023 final response.

Mr L complains about a car supplied to him under a hire purchase agreement. Entering into consumer credit contracts such as this is a regulated activity, so I'm satisfied I can consider Mr L's complaint about Black Horse.

When considering what's fair and reasonable, I take into account relevant law and regulations. The Consumer Rights Act 2015 ("CRA") is relevant to this complaint. The CRA explains under a contract to supply goods, the supplier – Black Horse here – has a responsibility to make sure goods are of satisfactory quality. Satisfactory quality is what a reasonable person would expect – taking into account any relevant factors.

I would consider relevant factors here, amongst others, to include the car's age, price, mileage and description. So, it's important to note that the car Mr L acquired was used, around seven and a half years old, had been driven around 46,500 miles and cost around £11,600. I think a reasonable person would accept that it would not be in the same condition as a new car and was likely to have some parts that are worn.

What I need to consider is whether the car was of satisfactory quality when it was supplied. And in order to do that, I first need to consider whether the car developed a fault.

Had the car developed a fault?

I don't think it is in dispute here that the car developed a fault. I say this because neither party has disputed that there is a fault and a breakdown report provided by Mr L from a third-party said there was a:

"...Missfire [sic] on numbers 1&2 cylinders due to possible loss of compression."

This report was from April 2024, when the car broke down for a second time when Mr L was in possession of it. The mileage of the car recorded on the report was 68,912 miles.

So, in broad terms, I'm satisfied the car had a fault in relation to its engine in April 2024. And from what both parties have said, the car required another engine replacement.

Was the car of satisfactory quality at the point of supply?

I don't think it is in dispute that the car supplied to Mr L wasn't of satisfactory quality at the point of supply. I say this because, Black Horse had already upheld a previous complaint Mr L raised with them about the quality of the car. And Black Horse accepted repairs needed to be carried out, which they partly covered the cost of.

The crux of the issue here lies with whether the repairs carried out failed or whether there was an underlying issue with the car that was never put right when the car was repaired.

It's worth noting that Mr L strongly believes he was told that he would receive a brand-new engine replacement when the car was repaired in September 2023. The job sheet for the repairs says "...*supplied and fitted engine*...". So, it isn't clear whether a *brand-new* engine was fitted, or whether a second-hand engine was instead. I also can't see it recorded in other evidence supplied that Mr L was told a *brand-new* engine would be supplied either.

In any event, I don't think Black Horse were required to install a brand-new engine. I say this because, to put Mr L back into the position he would have been in, had the car he acquired been of satisfactory quality at the point of supply, Black Horse were only required to install a like-for-like engine. In this instance, the car Mr L acquired was over seven years old and the car's original engine had been used for over 50,000 miles when it became faulty. So, I think it is fair and reasonable in the circumstances for a second-hand engine to have been installed in the car if one had been installed.

Turning my attention now to the fault that occurred after repairs had been carried out. Mr L strongly believes the same issue occurred with the car and has suggested that repairs failed as issues arose around eight months after repairs were carried out. On the other hand, Black Horse believe the fault occurred in April 2024 as the car was poorly maintained.

I searched for a copy of the owner's manual for this particular car in order to review its maintenance plan and the required maintenance intervals, as well as the details Black Horse has supplied in relation to the car's service intervals. The service intervals for this particular model and fuel type is either 12 months or 12,500 miles between services, whichever comes first.

The car was repaired in September 2023 with a mileage of 53,425 miles. And the car broke down in April 2024 with a recorded mileage of 68,912 miles – 15,487 miles later.

Black Horse requested further information from Mr L in relation to whether the car was serviced, and Mr L didn't provide any information as he believes he wasn't given enough time to do so. Mr L also in his initial submissions to our service didn't mention that the car had been serviced in between the September 2023 repairs and the April 2024 breakdown. However, during our investigation, Mr L then supplied what he says is a copy of a service carried out to the car in February 2024. The service report was printed with an August 2024 date. Mr L also supplied a covering letter from a different third-party saying that the car was serviced in February 2024.

Mr L explained that the service report could only display the date it was re-printed, rather than the date the service took place. Mr L also explained the reasons why a different third-party provided a covering letter to confirm that a service took place in February 2024. Our investigator asked Mr L to provide proof of payment made in February 2024 for the service, and Mr L said he paid in cash, so didn't have any bank related documents to show payment. Mr L also hasn't been able to show a paper copy of a receipt to show payment was made, for example.

Considering things here, I'm minded to not place weight on the service Mr L says was completed in February 2024. I say this because, there are several discrepancies here and not enough firm evidence to show a service took place in February 2024.

So, that means the car had likely been driven around 15,500 miles, within around eight months, without a service being carried out to the car.

I've thought carefully about the impact of not servicing the car in line with the manufacturer's recommendations – and how that might lead to an engine misfiring. While I'm not a mechanic, there are several reasons an engine could misfire, for example ignition system

issues, fuel system issues, air supply issues, or mechanical or timing issues. Thinking about things here, these reasons are generally those inspected during a service. Had a service took place in line with the car manufacturer's recommended guidelines, I think it is likely that the issue with the car in April 2024 could have been mitigated, before the component failed.

I've also considered that the car was able to be driven for over 15,000 miles after repairs had been carried out. On balance, I haven't seen enough to persuade me that the April 2024 fault to the engine was present or developing at the point of supply, or due to a failed repair attempt, considering the miles that had been travelled in the car since it was repaired.

Given what I've noted above about the servicing. And having seen the terms and conditions of the agreement Mr L signed with Black Horse, I'm satisfied this was in breach of those terms. It follows that I do think the car was of satisfactory quality at the point of supply and so, I don't think there is anything Black Horse needs to do in this instance.

My final decision

For the reasons I've explained, I don't uphold this complaint. So, I don't require Black Horse Limited to do anything more here.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 4 June 2025.

Ronesh Amin
Ombudsman