

The complaint

Mrs M is unhappy with how Black Horse Limited trading as Land Rover Financial Services ("Black Horse") dealt with a voluntary termination of her hire purchase.

What happened

The circumstances of this complaint are well known to both parties, so I will not repeat them all again here in detail. But I will provide an overview of key events below.

In January 2022 Mrs M entered into a hire purchase agreement with Black Horse. In March 2024 Mrs M got in touch with it and advised that she wanted to voluntarily terminate the agreement. On 5 April 2024 Mrs M asked Black Horse if it had received her documents to initiate the termination process, it said it hadn't.

Black Horse eventually received the required paperwork on 24 April 2024, amongst other things, Mrs M says she sent in the V5 document. On 29 April 2024 Black Horse contacted Mrs M and informed her, as it was investigating a separate complaint about the quality of goods it couldn't proceed with the voluntary termination until the complaint was resolved.

This meant Mrs M had the car for longer than she wanted, she paid for an MOT to be carried out in May 2024 and also insured the car for another month. Although the car had been declared SORN Mrs M decided for it to be re-taxed.

On 7 May 2024, Black Horse informed Mrs M that the quality of goods complaint had been resolved and so initiated the termination process the following day. Mrs M contacted Black Horse on 15 May 2024 and asked why it had cancelled the road tax. Mrs M said Black Horse had forwarded the V5 document to the DVLA and not to her. This resulted in Mrs M no longer being the registered keeper. Because of this Mrs M says she paid a monthly insurance premium, an MOT service and road tax for a vehicle she could no longer use.

The car was eventually collected on 24 May 2024. Our Investigator considered the complaint and initially upheld it. However Black Horse provided further information which persuaded her to change her opinion. In summary she didn't think Black Horse needed to reimburse Mrs M for her road tax, insurance premium or costs incurred in carrying out the MOT.

As an agreement couldn't be reached the complaint has been passed to me to decide.

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 need to take account of the relevant rules, guidance, the law and where appropriate, what would be considered to have been good industry practice at the time.

If there is something I have not mentioned I haven't ignored it. I have not commented on every individual detail but instead I have focused on those that are central to me reaching,

what I think, is the right outcome. This reflects the informal nature of our Service as a free alternative to the courts.

Section 99 of the Consumer Credit Act (CCA) 1974 refers to a consumer's right to terminate a hire purchase agreement by giving notice. It states:

"99 Right to terminate hire-purchase agreements.

(1) At any time before the final payment by the debtor under a regulated hire-purchase or regulated conditional sale agreement falls due, the debtor shall be entitled to terminate the agreement by giving notice to any person entitled or authorised to receive the sums payable under the agreement.

(2) Termination of an agreement under subsection (1) does not affect any liability under the agreement which has accrued before the termination."

I'm satisfied Mrs M did enough to serve notice on Black Horse that she wished to voluntarily terminate the agreement. The correspondence sent to Black Horse dated April 2024 clearly sets out Mrs M's intention to voluntarily terminate. Section 100 of the CCA stipulates liability of a debtor on termination of a hire-purchase agreement. The CCA indicates that voluntary termination of an agreement does not affect any liability under the agreement which has accrued before the termination.

I know this will come as a disappointment to Mrs M but I think she should be held responsible for the insurance, MOT and tax costs until Black Horse's agents picked up the car. I say this for several reasons.

First, I believe that Mrs M exercising her right to voluntarily terminate under the CCA was formally initiated when she wrote to Black Horse in April 2024. But the voluntary termination process would not be considered fully complete until the car was collected. As such, during the period between notification about the voluntary termination and the collection of the car, Mrs M remained responsible for the car, including maintaining insurance and tax on it, as well as an up-to-date MOT certification – this is all in line with the terms and conditions of her finance agreement.

I do not think it would be fair and reasonable for Mrs M's right to exercise a voluntary termination under the CCA to affect any liability she still had under the finance agreement. When it comes to keeping the car insured, taxed and keeping reasonable care of it until it was returned to Black Horse was what she was obligated to do.

But I have also considered if Black Horse did everything it should have once Mrs M notified it of wanting to exercise her right to voluntarily terminate the agreement. Specifically, I looked to see if it caused any unnecessary delays. Mrs M notified Black Horse of her intention to terminate in March 2024 and it received the relevant documents on 24 April 2024. Black Horse has confirmed it usually takes between 21 – 28 days for a car to be collected once instructed. It also confirmed post is not actioned on the same day it comes in and can normally take a couple of days to process, something I don't find unreasonable given the amount of post it must receive daily.

Mrs M's insurance and MOT was due to expire, in early May 2024, so even if Black Horse initiated the termination process on the day it received the post, Mrs M would still have been legally and contractually obliged to re-tax, insure and maintain the car whilst in her possession. I understand Black Horse said it wasn't going to complete the termination process until a separate complaint about the quality of goods was resolved, I see no reason why Black Horse would've needed to resolve this issue first. But having thought about

everything, in any event its consideration of the separate complaint didn't cause an unnecessary delay, it still completed the termination process within a reasonable amount of time. And so, it follows that I am satisfied that the costs Mrs M incurred were unavoidable and she was always liable to pay them.

I understand Mrs M also says Black Horse forwarded the original V5 document she accidentally sent in with her voluntary termination paperwork and because of this her road tax was cancelled, meaning she was no longer the registered keeper. Its clear Mrs M has strong feelings about this, and I empathise that my finding on this matter will come as a disappointment. But on balance, I've not seen anything that's persuaded me to agree, Black Horse has told us it received a photocopy of the V5 document and confirmed it hadn't sent it to the DVLA. But in any event, it said the DVLA wouldn't normally accept a photocopy and I have no reason to doubt this.

Taking all the circumstances of the complaint into account, it is not fair or reasonable for me to require Black Horse to take any further action in response to Mrs M's complaint.

My final decision

For the reasons given above I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 13 May 2025.

Rajvinder Pnaiser
Ombudsman