

The complaint

Mr M is unhappy with the information that was provided to him when he was supplied with a car under a hire purchase agreement with Black Horse Limited trading as Land Rover Financial Services.

What happened

On 19 June 2023, Mr M entered into a hire purchase agreement with Black Horse for the supply of a used car. He paid a £19,200 deposit and the agreement was for £17,415 over 60 months, with monthly payments of £381.22.

Mr M has said that, although he was able to purchase the car without the use of finance, the supplying dealership were prepared to make a £1,000 contribution if he took the finance option. He said that the dealership also told him that, if he repaid the finance within six months, he would only pay around £400 interest, so he would benefit by £600.

Mr M contacted Black Horse on 12 December 2023, and was quoted a settlement figure of £16,713.58 (if the payment was made by 19 December 2023). A further settlement quote of £16,410.96 was provided on 28 December 2023, taking into account the payment that had been collected on 19 December 2023.

Mr M spoke to Black Horse on 28 December 2023, to explain how he didn't agree with the latest settlement figure. He explained the dealership had told him he would only pay £400 interest if he settled within six months. Mr M told Black Horse that he believed the correct figure should be £15,399.88, based on the amount of credit, the amount he'd paid, and the interest he should've been charged. He then went on to pay this amount and cancel his direct debit.

As the amount Mr M paid didn't clear the outstanding balance, Black Horse applied this as a partial settlement and recalculated the payments to £15.81, which would repay the remaining balance over the remaining term of the agreement.

Mr M wasn't happy with what'd happened, and he brought his complaint to the Financial Ombudsman Service for investigation. He also said that the dealer contribution hadn't been applied to the agreement.

Our investigator explained that, under section 56 of the Consumer Credit Act 1974, we can consider the dealership as acting as an agent of Black Horse, so Black Horse have a responsibility for the information Mr M was provided with at the outset. However, because it wasn't clear exactly what Mr M had been told, the investigator didn't think the agreement had been misrepresented.

The investigator also provided an in-depth explanation, referring to all the documentation and figures involved, showing that the dealer's contribution was taken into consideration in the agreement Mr M signed. The investigator further explained, again in some depth, about how interest rebates are applied and why this made a difference between the amount Mr M

still owed Black Horse (assuming all the interest would be charged over the remaining term) and the amount to settle this early (with an interest rebate applied).

Finally, the investigator said that Black Horse had correctly calculated the settlement figure, and Mr M had paid a lower amount. As such, Black Horse were entitled to pursue Mr M for the difference.

Mr M didn't agree with the investigator's opinion. He maintained that he'd been told that he would only pay £400 interest, and that his wife was present during this conversation so could act as a witness to this. He also said that he paid £15,399.88 to settle the agreement as this was the amount Black Horse had told him he needed to pay.

Mr M also said that he was only asked to take the finance because the dealership was receiving commission, and he questioned why he was asked to pay £7,000 before he collected the car.

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. Where evidence has been incomplete or contradictory, I've reached my view on the balance of probabilities – what I think is most likely to have happened given the available evidence and wider circumstances.

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. Mr M was supplied with a car under a hire purchase agreement. This is a regulated consumer credit agreement which means we're able to investigate complaints about it.

Misrepresentation

Mr M has complained that the agreement was misrepresented to him, in that he was told if he repaid the agreement within six months, then he would only pay £400 interest. When considering misrepresentation, I'm looking for two things – there must've been a false statement of fact and that false statement of fact must've induced Mr M, in this instance, to finance the car with Black Horse.

Based on Mr M's comments, and the information he's provided showing that he was able to purchase the car without the need for finance in June 2023, I don't dispute that what the dealership told Mr M about their contribution induced Mr M to take the finance with Black Horse. However, for this to be relevant, as stated above, I first need to consider if there was indeed a false statement of fact.

Mr M has said he was told he would only pay £400 interest if he repaid the agreement early – it's not clear from what's been said whether this early repayment should've been within the first six months, or at six months. Regardless of this, Mr M didn't repay the agreement until after the six month point of the agreement – he was provided with a settlement figure that was valid until 19 December 2023 (the six-month mark), and he allowed this to expire. Instead, he repaid what he believed to be the correct settlement figure on 28 December 2023, over a week after the six-month mark.

When looking at the settlement figure produced on 12 December 2023, Mr M needed to repay £16,713.58 to clear the agreement. And, at that time, he'd paid five payments totalling £1,906.10. So, given that he borrowed £17,415, had the agreement been settled at the six-month mark, Mr M would've paid around £1,200 interest. This interest would've been less had Mr M repaid the agreement at an earlier point, although it's not possible for me to say exactly when he would've paid just £400 interest due to how interest rebates are calculated.

Based on this, if Mr M was told he needed to repay *within* six months, he was correctly advised. But, if he was told to repay *at* six months, then he would've paid more than £400 interest. However, in this instance, Mr M neither paid within six months or at six months (the 12 December 2023 settlement figure). Instead, he waited until after the six-month mark before looking to repay the agreement. Given this, I don't feel that what Mr M was or wasn't told would happen within or at six-months has any relevance, and it's not fair or reasonable to say the agreement was misrepresented based on what might've happened if Mr M had chosen a different course of action at an earlier date.

So, and while I appreciate this will come as a disappointment to Mr M, I won't be upholding the complaint on this basis.

Mr M has also said that he was only advised to take the finance agreement because the dealership was receiving commission. While this may have been the case, Mr M's original argument was based on the fact he took the agreement because he would receive a £1,000 dealership contribution, which he wouldn't get if he paid for the car upfront (something he was both willing and able to do). Therefore, I'm satisfied that Mr M took the finance to gain the dealership's contribution, and not because it was forced on him due to a potential commission payment.

Settlement figure

Black Horse provided Mr M with settlement figures on 12 and 28 December 2023. While it's not my role to calculate the interest rebate and apply it to the figures, I haven't seen anything to show me that Black Horse have calculated these figures incorrectly.

Mr M has commented that the amount he paid was the amount Black Horse told him to. While copies of the call recordings aren't available, I have seen Black Horse's system notes. These were made into a timed and dated system, which shows they were made on the day of the call, and not at any later date.

The notes for 12:07 on 28 December 2023 show that Mr M was verbally provided with an automatically generated settlement figure of £16,410.96, and that a written copy of this was sent to him. A further note, generated at 12:39 on 28 December 2023 states:

"Cust called. [Data Protection] done manually. MOB correct. Doesn't agree with how we calculated SF. Gave breakdown of figures on SF & COA. Cust doesn't agree with figures stated been mis sold. Dealer gave £1000 discount told if settles in 6 months SF £400. Cust gave his figures £36615, amt credit £17415, DD paid to date £2287.32 @APR 11.9% repayment is £2015.12 which equals £15399.88, this is the figure he will pay then cancel his DD. Cust refused SW dealer, trans CCHU but line dropped. They will call cust back."

This note shows that Mr M didn't agree with the settlement figure provided, and that he raised his issues about the dealership's contribution and the £400 interest. It also shows that Mr M had calculated his own settlement figure based on the cash price of the car, the amount financed, the amount he'd already paid by direct debit, and what he believed the

interest to be. The call also dropped when Mr M was being transferred to Black Horse's customer complaints team (CCHU).

There is a final system note for 28 December 2023, timed at 13:52, when the complaints team called Mr M back. This note says *"cust didn't need us now and had paid account off."*

These system notes are in line with the other evidence I've seen, and when Mr M paid a lump sum payment to Black Horse. But I haven't seen any evidence that Mr M was ever provided with a settlement figure of £15,399.88 by Black Horse – these are automatically generated with a written copy being sent out, but Mr M hasn't been able to provide this written copy.

As such, I'm satisfied that Mr M paid the settlement figure he'd calculated to be correct, and not the one Black Horse had advised him was the correct figure. In paying his self-calculated figure, this left a shortfall Mr M is still required to pay. I've noted that Black Horse have referred to this as being £5,816 (the amount Mr M would pay on the recalculated payments over the remaining term of the agreement) and £837.93 (the amount Mr M would have needed to have paid on 9 January 2024, if he cleared the outstanding balance by lump sum payment with an interest rebate applied).

While I appreciate that some confusion could be caused by these two different payments, given they are calculated by entirely different methods and based on payments being made on completely different terms, I can't say that Black Horse have done anything wrong here. I'm satisfied that Mr M hasn't repaid the agreement in full, and Black Horse are entitled to chase Mr M for the outstanding balance, and to take appropriate action against him if he fails to repay the balance or to maintain the agreed reduced payments.

Finally, Mr M has commented about having to pay £7,000 before he was able to collect the car. The vehicle order form shows that Mr M was paying £36,615 for the car, after the £1,000 dealership contribution had been deducted. £17,415 of this was being financed by Black Horse, £11,700 was a part-exchange allowance for Mr M's existing car, and £500 was the deposit he'd paid at the point of reserving the car. This left £7,000 that Mr M still needed to pay, and I don't think it unreasonable that he should be asked to pay this before the car was collected (a handwritten note on the order form says it was paid on 15 June 2023)

Given all the above, I won't be asking Black Horse to do anything more.

My final decision

For the reasons explained, I don't uphold Mr M's complaint about Black Horse Limited trading as Land Rover Financial Services.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 6 May 2025.

Andrew Burford
Ombudsman