

The complaint

Mr F complains about the settlement offered to him by Black Horse Limited (“BHL”) when it agreed he could return the car he acquired financed by a hire purchase agreement, due to the vehicle being of unsatisfactory quality.

What happened

Mr F acquired a car financed through a hire purchase agreement with BHL he signed on 3 November 2023. The car was approximately four years old, had 18,404 miles on the odometer and had a cash price of £13,999.

On 2 December 2023 Mr F raised a complaint with BHL. He listed several faults with the car and noted the poor condition the car was in when he collected it. BHL issued a final response in May 2024 agreeing to cancel the agreement and paying him a settlement package.

Mr F accepted the cancellation of the agreement but believed the settlement didn’t reflect the unacceptable length of time BHL took to investigate matters or other costs he had incurred. So, he brought his complaint to this service.

Our investigator concluded that the resolution offered by BHL was fair. Mr F didn’t respond to the investigator’s view so the complaint has come to me for a decision.

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 agree with the investigator’s conclusions for the reasons I’ve outlined below.

In considering what is fair and reasonable I need to have regard to the relevant law and regulations, regulator’s rules, guidance and standards, codes of practice and (where appropriate) what I consider having been good industry practice at the relevant time. Mr F’s hire purchase agreement is a regulated consumer agreement and as such this service can consider complaints relating to it.

BHL, as the supplier of the car, was responsible for ensuring it was of satisfactory quality when it was supplied to Mr F. Whether or not it was of satisfactory quality at that time will depend on several factors, including the age and mileage of the car and the price that was paid for it. The car was about 4 years old, had been driven for 18,404 miles and had a price of £13,999. Satisfactory quality also covers durability which means that the components within the car must be durable and last a reasonable amount of time – but exactly how long that time is will depend on several factors.

BHL has accepted that it supplied Mr F with a car that wasn’t of satisfactory quality, but as Mr F isn’t happy with the financial settlement it’s left to me to decide on the remedy.

BHL told this service that on 24 June 2024 it paid Mr F the following by way of compensation:

- £1,227.75 partial refund of monthly payments
- £358.21 refund of hire car costs
- £142.26 refund of cash deposit
- £1,256.59 refund of the part exchange
- £18.55 - 8% interest on the above
- £300 for distress and inconvenience

In his complaint to this service, Mr F raised several issues about the settlement:

Mr F said he hadn't had the car since January 2024 due to an accident which occurred from the faulty ABS. He said this will cause a significant increase in his insurance for the next three to four years. I understand Mr F's concern about his insurance costs increasing. Insurance is a legal requirement, and the costs can vary by supplier. Insurance costs are also calculated using many variables and as they don't form part of the agreement it wouldn't be fair or reasonable for me to hold BHL responsible for these.

Mr F said there has been no deliberation regarding the week in which he didn't have a vehicle, which he required for work. BHL told this service that this cost had been built into the refund of the rentals where it had retained two instalments for the whole use Mr F has had of the vehicle. I believe this is fair and reasonable. I can also see it has refunded costs of the hire car, so I'm satisfied it kept Mr F mobile

Mr F said he incurred hotel costs from January 2024 which was required due to failings of the car leading to the accident which occurred out of area to where he lived. BHL has said it would expect this cost to be considered by Mr F's insurance company and I agree with this.

Mr F said his insurance company has paid £3,620 to date to cover repairs which he believed should be covered by BHL. There is no agreement between BHL and the insurance company so it's not for me to make a finding on whether BHL should make any such payments.

Mr F said £300 compensation for the distress and/or inconvenience wasn't sufficient given BHL took significantly longer than the agreed time scales to investigate his complaint. He said the amount offered did not reflect the length of time for resolution. I can see this has been a frustrating time for Mr F with the problems in the car and in trying to get a resolution with BHL. I'm persuaded that £300 is fair and reasonable, in line with our service guidelines and what I would recommend in the circumstances.

My final decision

Black Horse Limited has made an offer to settle the complaint as outlined above and I think this is fair in all the circumstances. As BHL has now paid the settlement my final decision is that it doesn't need to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 14 July 2025.

Maxine Sutton
Ombudsman