

The complaint

Miss C complains that a car that was supplied to her under a hire purchase agreement with Black Horse Limited wasn't of satisfactory quality.

What happened

A used car was supplied to Miss C under a hire purchase agreement with Black Horse that she electronically signed in July 2023. The price of the car was £16,000 and Miss C paid a deposit of £510. The agreement also included £850 for a warranty and £500 for cosmetic protection cover. Miss C agreed to make 48 monthly payments of £346.41 and a final payment of £6,717 to Black Horse.

Miss C had issues with the car's diesel particulate filter and she says that it had to be regenerated twice. She also says that the car was dirty when it was delivered to her, the stop/start doesn't work and the car's mileage when she received it was 2,000 miles more than had been advertised. There was another issue with the car's diesel particulate filter in February 2024 and it failed an MOT test in March 2024. A manufacturer's dealer said that the car's diesel particulate filter needed to be replaced and quoted £6,680.61 for the required work.

Miss C complained to Black Horse later that month but it didn't uphold her complaint. It said that she hadn't provided evidence of a mileage discrepancy, the dirty condition of the car or a fault with its stop/start and that the manufacturer's dealer had confirmed that the diesel particulate filter fault had occurred due to her driving style as the mileage covered since the car was supplied to her showed that it wasn't being driven for long distances. Miss C wasn't satisfied with its response so complained to this service.

Her complaint was looked at by one of this service's investigators who, having considered everything, thought that the car wasn't of satisfactory quality when it was supplied to Miss C and that she should be able to reject the car. He recommended that Black Horse should: end the agreement and collect the car; refund Miss C's deposit of £510, all rentals for the period from 18 March 2024 and the outstanding amount of the warranty and cosmetic protection cover (pro rata), all with interest; pay Miss C £300 for any distress or inconvenience that's been caused; and remove any adverse information from her credit file in relation to the agreement.

Black Horse didn't accept the investigator's recommendation so he then explained why he was still of the opinion that Miss C was within her rights to reject the car. Black Horse then asked for this complaint to be considered by an ombudsman. It has responded to the investigator recommendation in detail and says, in summary and amongst other things, that:

- the car's handbook says: *"The particulate filter can filter out almost all soot particles contained in the exhaust gas. In normal driving conditions the filter is self-cleaning. Should the self-cleaning function of the filter not be able to operate, e.g. when the vehicle is continuously used only for short trips, the filter becomes obstructed with soot and the driver message 'Particulate Filter: can be cleaned by driving vehicle. See owner's manual' appears"*; and gives several options that are required to complete the regeneration process, which include driving at high speeds and recommends that if the warning light doesn't go off, then the car needs to be referred to a qualified workshop to have the fault rectified;
- the particulate filter message first appeared in September 2023 which led to a forced regeneration being completed and reoccurred in November 2023 with another forced regeneration being carried out – it then appeared again in February 2024 but wouldn't clear and it's a warning that a regeneration process needs to be completed;
- the manufacturer's dealer said that the root cause of the soot levels would be attributed to driving style and suggested that the mileage covered by Miss C wouldn't have been sufficient to complete the required regenerations; and
- the manufacturer's dealer's assessment doesn't provide any evidence to support that the car wasn't of satisfactory quality at the point of supply and Miss C hasn't provided it with any evidence that would prove that the car was supplied in an unsatisfactory condition in July 2023.

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.

Black Horse, as the supplier of the car, was responsible for ensuring that it was of satisfactory quality when it was supplied to Miss C. Whether or not it was of satisfactory quality at that time will depend on a number of factors, including the age and mileage of the car and the price that was paid for it. The car that was supplied to Miss C was more than three years old, had a price of £16,000 and the hire purchase agreement shows that it had a mileage of 56,960 miles (though Miss C says that the car's mileage when she received it was 2,000 miles more than had been advertised – but she's provided no evidence to support that claim or to show that the car was dirty when it was delivered to her or that the stop/start doesn't work). 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 a number of factors.

The car was supplied to Miss C in July 2023 and she says that she had to regenerate the diesel particulate filter in September and November 2023. She says that the engine management light warning light came on again in February 2024 but didn't go off when she regenerated the diesel particulate filter. The car then failed an MOT test in March 2024 when its mileage was recorded as 62,428. Miss C took the car to a manufacturer's dealer four days later and it said that the diesel particulate filter needed to be replaced.

Based on the mileage shown on the agreement, the car had been driven for 5,468 miles between July 2023 and March 2024 and Miss C says that the mileage includes a 60 mile

round trip about once each month to see her parents which involves driving at motorway speeds. Black Horse says that the mileage covered since the car was supplied to Miss C shows that it wasn't being driven for long distances but I'm not persuaded that there's enough evidence to show that Miss C's driving style is causing the issues with the diesel particulate filter. Nor am I persuaded that there's enough evidence to show that the diesel particulate filter now needs to be replaced because of the mileage that Miss C drove in the car after the February 2024 regeneration.

I don't consider that it's reasonable that a car that was only three years old, and with a mileage of 56,960 miles, when it was supplied to Miss C and that cost her £16,000 should need three diesel particulate filter regenerations in three months and need a new diesel particulate filter at a cost of £6,680.61. I consider it to be more likely not that there were issues with the car's diesel particulate filter when the car was supplied to Miss C and that those issues caused the car not to have been of satisfactory quality at that time. In these circumstances, I find that it would be fair and reasonable for Black Horse to allow Miss C to reject the car and to take the actions described below.

Putting things right

I find that Black Horse should end the hire purchase agreement and arrange for the car to be collected from Miss C – both at no cost to her. The hire purchase agreement shows that Miss C paid a deposit of £510 for the car. I find that it would be fair and reasonable for Black Horse to refund that deposit to Miss C, with interest.

Miss C hasn't been able to use the car since it failed an MOT test in March 2024. I find that it would be fair and reasonable for Black Horse to refund to Miss C the monthly payments that she's made under the agreement for the period since then, with interest, but it can keep the payments that she made for the period before then as payment for the use that she's had from the car. The monthly payment of £346.41 includes £36.27 for the warranty and cosmetic protection cover so I don't consider that Black Horse should be required to make any separate refund relating to those items.

These events have clearly caused distress and inconvenience for Miss C. I find that it would be fair and reasonable for Black Horse to pay her £300 to compensate her for that distress and inconvenience. The investigator said that Black Horse should remove any adverse information from Miss C's credit file in relation to the agreement. I've seen no evidence to show that it has recorded any adverse information about the hire purchase agreement on Miss C's credit file but, if it has done, I agree that it should ensure that the information is removed.

My final decision

My decision is that I uphold Miss C's complaint and I order Black Horse Limited to:

1. End the hire purchase agreement and arrange for the car to be collected from Miss C – both at no cost to her.
2. Refund to Miss C the deposit that she paid for the car.
3. Refund to Miss C the monthly payments that she's made under the hire purchase agreement for the period from 18 March 2024.
4. Pay interest on the amounts at 2 and 3 above at an annual rate of 8% simple from the date of each payment to the date of settlement.

5. Remove any adverse information about the hire purchase agreement that it's recorded on Miss C's credit file.
6. Pay £300 to Miss C to compensate her for the distress and inconvenience that she's been caused.

HM Revenue & Customs requires Black Horse to deduct tax from the interest payment referred to at 4 above. Black Horse must give Miss C a certificate showing how much tax it's deducted if she asks it for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 13 March 2025.

Jarrold Hastings
Ombudsman