

The complaint

Mrs B complains that Black Horse Limited has acted unfairly in respect of an electric car she acquired via a hire purchase agreement with it.

What happened

In 2017 Mrs B entered into a reservation agreement for an electric car with the manufacturer and paid £1000 deposit. Mrs B says she was told that this deposit was non-refundable and so felt she had no choice but to wait for a vehicle to become available.

Mrs B says she had to wait for two years until August 2019 before the reservation was converted into an order. She says she was then told the car was significantly more expensive and that she would have to take finance out with Black Horse.

Mrs B says she was also upset to discover when she went in to pay the required £2,000 to complete the vehicle order that this had to be done via a debit card and a credit card would not be accepted.

Mrs B completed the order for the car and signed the finance agreement with Black Horse. The agreement was for 49 months at the end of which there was a balloon payment due of £22,916 if the car was to be kept. Mrs B made the monthly payments as required. However, at the end of the agreement's term Black Horse declined to refinance the car for Mrs B.

Mrs B complained to Black Horse about its handling of the financial agreement which she said had been unfair to her. Black Horse didn't uphold her complaint. It said that the deposit of £1,000 had been paid two years before the inception of the finance agreement and that by the time the vehicle was available, the price had increased. It said it wasn't accountable for this increase in cost.

Black Horse said that the price of the car, the interest rate applied, and all the costings were set out in the hire purchase agreement and if Mrs B had been unhappy, she could have declined it.

In respect of not offering refinance for the vehicle, Black Horse said that this was not something that it had been able to do as products change over time. It said the hire purchase agreement had not set out that Black Horse would provide the finance for the balloon payment and it hadn't done anything wrong in not doing so.

Mrs B was unhappy at Black Horse's response and complained to this service. Our investigator didn't recommend her complaint was upheld. He said he didn't think Black Horse had acted unfairly.

Our investigator said that the £1,000 deposit paid by Mrs B had been in 2017 and there were no copies of the actual paperwork completed still available. However, looking at copies of the information and paperwork which would have been in place at that time they all stated that this deposit was refundable and that the reservation could be cancelled up until it had been converted into an order which was in 2019. He said he thought Mrs B had chosen to

wait for the car.

In regard to having to pay the £2,000 by a debit card, our investigator said it wasn't unusual for a credit provider to require payments by other means than credit cards. He said he didn't think Black Horse had acted unfairly in asking for this payment by that method.

Our investigator said that the cost of the vehicle was clear and if Mrs B had been unhappy about this she could have declined to continue with the purchase. The agreement set out all the costs clearly.

In regard to the failure to refinance the agreement when it ended, our investigator said that as the agreement didn't mention that Black Horse would provide this, then it hadn't acted unfairly when it hadn't offered this option to Mrs B.

Mrs B disagreed with our investigator's view, she said she had been verbally told the deposit wasn't refundable and had felt bullied into waiting for the vehicle as otherwise she would lose her money. She also said the car she had put a deposit down for had a worth of £36,000 and not the £54,240 that she was later charged. She said she had been forced to pay the £2,000 in 2019.

Mrs B said she felt it was a conspiracy between Black Horse and the car manufacturer to decline the refinance at the end of the hire purchase agreement as this would mean she would have no choice but to take another car.

As the parties haven't been able to reach an agreement the complaint has been passed to me.

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.

It isn't disputed that in 2017 Mrs B paid a deposit of £1,000 to a manufacturer in order to reserve an electric car. At the time I'm aware there was a waiting list for these cars, and I've seen that Mrs B also knew this.

Mrs B says she was forced to wait for the vehicle because she was told her deposit was non-refundable. Black Horse has explained that it wasn't involved at this point, but it had asked the manufacturer about the process in place in 2017 because the actual paperwork was no longer available. Black Horse also did its own investigation as to what information was available to consumers about this deposit.

From all the paperwork provided to me (I've seen a copy of a reservation agreement that would have been in place at that time plus snapshots of the information available online via the manufacturer) I can see that that this deposit was fully refundable. Everything I've seen is clear that the reservation of the car could be cancelled at any time without penalty. I appreciate Mrs B says this wasn't what she was told but I don't know exactly what was said or by who, and I think it's reasonable to give weight to the evidence Black Horse has provided.

I don't know why Mrs B didn't refer to the reservation paperwork or check the information online. But I don't think I have enough evidence to be able to reasonably say Mrs B had been told this deposit wasn't refundable. I'm satisfied that the process in place was that until the reservation became an order then Mrs B would have been able to cancel and could have her deposit returned. I think it's fair to conclude that waiting for the car to become available

was her choice. And, while I appreciate the wait was two years here, I can't fairly say that any delay in the vehicle becoming available was due to the actions of Black Horse. So, I don't think Black Horse acted unfairly in respect of the deposit.

Looking at the reservation agreement it is made clear that the pricing isn't finalised until a purchase order is made. Here, that was in August 2019, and as set out two years later. I think it would be reasonable to say that after a period of that length it would be reasonable to expect the vehicle's price to have increased. I also don't think price increases for the vehicle were within Black Horse's remit.

I've also seen that the actual model of car Mrs B ordered in August 2019 has never been priced under £50,000 though the base model has. However, the order agreement created in August 2019 sets out clearly the cost of the vehicle together with its model and that a £2,000 order payment is required. Mrs B, if unhappy at the price that was now being charged, could have declined at that point to continue with her order.

I'm also satisfied that Mrs B would have been aware that when agreeing the order, a £2,000 payment as required. This is clearly set out in the paperwork. I can't reasonably say Mrs B was forced to pay this sum, it was part of the order process which, as set out above, if she was unhappy with she could have declined. I don't have enough evidence to say she was pressured to go ahead and agree to this car or that Black Horse had acted unfairly in its handling of the hire purchase agreement.

I appreciate Mrs B had wanted to pay the £2,000 by a credit card, but I don't think Black Horse acted unfairly in declining that. In what form that payment is acceptable is a business practice for Black Horse and it isn't unusual for credit cards to be refused when dealing with credit agreements. I can't reasonably say Black Horse acted unfairly when declining payment via a credit card.

I've seen the hire purchase agreement clearly sets out the cost of the car, the interest applied, the monthly costs and the balloon payment due when the agreement ends. The hire purchase agreement doesn't say that Black Horse will provide any refinance to cover this final payment. So, I can't reasonably say that Black Horse has acted unfairly in declining the refinance. This is a business decision which it is entitled to make. As Mrs B would have been free to seek finance from other credit providers, I can't agree there was any conspiracy or other dishonest/unfair intent behind Black Horse's decision not to provide Mrs B with the refinance.

So, while I appreciate this will be of disappointment to Mrs B, I'm not upholding her complaint.

My final decision

For the reasons set out above I'm not upholding Mrs B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 15 April 2025.

Jocelyn Griffith
Ombudsman