

## **The complaint**

Mr B is unhappy that a car supplied to him under a hire purchase agreement with Black Horse Limited trading as Jaguar Financial Services ('Black Horse') was of an unsatisfactory quality.

## **What happened**

In June 2023, Mr B was supplied with a new car through a hire purchase agreement with Black Horse. He paid a £12,000 deposit and the agreement was for £49,640 over 49 months, with 48 monthly payments of £751.78 and a final payment of £25,849.

Mr B started to have problems with the car from shortly after it was supplied to him – he had multiple issues with starting the car during July 2023, and the car was inspected for faults on multiple occasions. However, no fault was found.

Unhappy with what had happened, Mr B complained to Black Horse. They agreed the car shouldn't be presenting a fault, and they said that Mr B could reject the car. They also offered him £230.32 compensation - £26.32 payment refund for the day he was without use of a car, £200 for the distress and inconvenience he'd been caused, and £5 statutory interest on the payment refund.

Mr B decided to keep the car, as the issues he had experienced were no longer present. But he didn't agree with the compensation Black Horse had offered him. So, he brought the matter to the Financial Ombudsman Service for investigation. Mr B thought that he should be compensated around £950 to account for his time (which he was charging at £96 an hour) and the additional mileage he'd had to do (at 45p a mile).

Our investigator said Black Horse had acted fairly by offering Mr B the right to reject plus compensation. However, they didn't think it was fair to compensate Mr B based on an hourly rate as the level of inconvenience wasn't impacted by the monetary value Mr B put on his time. Given this, the investigator thought Black Horse's original offer was fair in the circumstances and, even though they would need to recalculate the interest element given the time that had passed, the rest of the compensation didn't need to be increased.

Mr B didn't agree with the investigator, and he asked that this matter be passed to an ombudsman 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.

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 B 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.

The Consumer Rights Act 2015 ('CRA') says, amongst other things, that the car should've been of a satisfactory quality when supplied. And if it wasn't, as the supplier of goods, Black Horse are responsible. What's satisfactory is determined by things such as what a reasonable person would consider satisfactory given the price, description, and other relevant circumstances. In a case like this, this would include things like the age and mileage at the time of sale, and the vehicle's history and its durability. Durability means that the components of the car must last a reasonable amount of time.

The CRA also implies that goods must conform to contract within the first six months. So, where a fault is identified within the first six months, it's assumed the fault was present when the car was supplied, unless Black Horse can show otherwise. So, if I thought the car was faulty when Mr B took possession of it, or that the car wasn't sufficiently durable, and this made the car not of a satisfactory quality, it'd be fair and reasonable to ask Black Horse to put this right.

In this instance, it's not disputed there was a fault with the car, which made it of an unsatisfactory quality when it was supplied. As such, I'm satisfied that I don't need to consider the merits of this issue within my decision. Instead, I'll focus on what I think Black Horse should do to put things right.

Section 24(5) of the CRA says "*a consumer who has ... the right to reject may only exercise [this] and may only do so in one of these situations – (a) after one repair or replacement, the goods do not conform to contract.*" This is known as the single chance of repair. And this applies to all issues with the goods, and to all repairs i.e., it's not a single chance of repair for the dealership AND a single chance of repair for Black Horse – the first attempted repair is the single chance at repair. What's more, if a different fault arises after a previous repair, even if those faults aren't related, the single chance of repair has already happened – it's not a single chance of repair per fault.

There was a fault with the car initially, and Mr B took it to be inspected and repaired on multiple occasions during July 2023. While no fault could be identified, these inspections count as the single chance of repair, and given the circumstances I'm satisfied that Black Horse acted reasonably by offering Mr B the right to reject.

Even though the fault with the car couldn't be identified, it did rectify itself in August 2023. And the issue hasn't reoccurred. Given this and that Mr B declined the right to reject when it was offered, I'm satisfied that he no longer has this right to reject and, if they haven't already, Black Horse should withdraw this part of their offer of compensation.

During the period when Mr B was experiencing faults with the car, it was off the road and undrivable for one day when Mr B hadn't been supplied with a courtesy car. As such, he was paying for goods he was unable to use. Black Horse offered to refund him £26.32 for this day – the equivalent to  $\frac{1}{28}$  of a monthly payment - plus statutory interest. I think this is reasonable and in-line with our usual approach to these matters. So I think this element of the compensation was fair and I won't be asking Black Horse to increase it, although I agree with the investigator that the interest element will need to be recalculated from the £5 originally offered, to account for the time that has passed.

Finally, I think Mr B should be compensated for the distress and inconvenience he was caused. But crucially, this compensation must be fair and reasonable to both parties, falling in line with our service's approach to awards of this nature, which is set out clearly on our website and so, is publicly available. For clarity, our approach to compensation is not based upon the time spent dealing with the complaint and an hourly rate applied to that time.

Black Horse offered Mr B £200 compensation to recognise the distress and inconvenience he'd been caused, and this offer was endorsed by the investigator. Having considered this offer, I think it's a fair one that falls in line with our service's approach and what I would've directed, had it not already been put forward.

I think this is significant enough to recognise the worry and upset Mr B would've felt having to do a long journey without knowing if the car would break down again. And I think it also fairly reflects the fact that Mr B needed to make a number of phone calls, and take the car to be diagnosed for a fault on a number of occasions. But it also reflects that this all took place over a short period of time – a matter of a few weeks – and that there has been no repeat of these initial issues. So, this is a payment I'm directing Black Horse to make.

As such, and while I appreciate this will come as a disappointment to Mr B, I won't be asking Black Horse to increase their offer of compensation, save for the recalculation of the interest element. And it's for Mr B to now decide whether or not to accept this offer. However, If Mr B does accept the offer, and if HM Revenue & Customs requires Black Horse to take off tax from the interest, they must also give Mr B a certificate showing how much tax they've taken off if he asks for one.

### **My final decision**

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

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

Andrew Burford  
**Ombudsman**