

The complaint

Miss V complains that a car supplied to her under a hire purchase agreement with Black Horse Limited was of an unsatisfactory quality.

What happened

In May 2024, Miss V was supplied with a used car through a hire purchase agreement with Black Horse. The cash price of the car was £14,000 and Miss V paid a deposit of £3,000. The agreement was for £11,000 to be repaid over 60 monthly repayments of £290.94. At the time of supply, the car was just over three years old and had covered around 30,000 miles.

A few days after the car was supplied, engine temperature and coolant warnings appeared on the dashboard. Miss V returned the car to the dealership for investigation and repair. The dealership didn't find any problem with the coolant or engine temperature but noted that the EVAP pipe was broken and needed to be replaced. This was done and the car was returned to Miss V.

Later that day, Miss V says additional warning lights appeared on the dashboard. She also said the entertainment system stopped working, and that the screen was overheating. She returned the car to the dealership again. She told the dealership she wanted to reject the car as it wasn't fit for purpose. The dealership said Miss V could only reject the car if there was still a fault that meant it wasn't of satisfactory quality. It investigated further and didn't find any significant faults. It said it found a software issue with the antenna which it fixed through an update.

Miss V made a complaint to Black Horse, and said she didn't want to take the car back – as she'd lost confidence in it. She said she wanted to exercise her right to reject the car under the Consumer Rights Act 2015 (CRA). While Black Horse was investigating, she collected the car as she didn't have any alternative transportation. A week later, she got back in touch with Black Horse as the warning lights and problems with the entertainment system had returned.

In August 2024, Black Horse arranged an engineer's inspection to determine whether the car still had a fault. The engineer carried out a diagnostic inspection and road test. They said no warning lights were illuminated during the road test, and the entertainment system was working as expected and was free from freezing and glitches. The diagnostic report showed no active fault codes.

Black Horse apologised that the car was supplied with a fault and offered Miss V £300 to recognise the distress and inconvenience caused by this. It said the problem had been fixed, and didn't think there was enough evidence to say the car still had any faults that meant it wasn't of a satisfactory quality. It didn't think Miss V was entitled to reject the car because of the initial fault, as she'd accepted a repair for that issue.

The complaint was referred to the Financial Ombudsman Service (Financial Ombudsman). One of our Investigators considered the complaint but didn't uphold it. They said the car wasn't of satisfactory quality when it was supplied to Miss V, but were satisfied the

dealership had put this right by carrying out a repair. They weren't persuaded that the repair failed, or that there were any other issues that meant the car wasn't of satisfactory quality. They thought Black Horse's offer of £300 was fair in the circumstances.

Miss V disagreed, and said she was still having problems with the entertainment system and warning lights. She asked for the complaint to be referred to an Ombudsman for a final decision. So, it's been passed to me 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.

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 decision on the balance of probabilities – what I think is more likely than not 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. Miss V was supplied with a car under a hire purchase agreement. This is a regulated consumer credit agreement which means I can consider a complaint about it.

The CRA covers agreements such as the one Miss V entered into. Under this agreement, there is an implied term that the goods supplied will be of satisfactory quality. The CRA says that goods will be considered of satisfactory quality where they meet the standard that a reasonable person would consider satisfactory – taking into account the description of the goods, the price paid, and other relevant circumstances. I think in this case those relevant circumstances include, but are not limited to, the age and mileage of the car and the cash price. The CRA says the quality of the goods includes their general state and condition, as well as other things like their fitness for purpose, appearance and finish, freedom from minor defects, safety, and durability.

So, if I thought the car was faulty when Miss V 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.

The car supplied to Miss V was over three years old, had covered around 30,000 miles and had a cash price of £14,000. I think it's reasonable to expect a car of this age and mileage to have more wear and tear than a new one. And it's likely that a car of this age and mileage would need some level of repair and maintenance sooner than a newer one would. But I wouldn't expect it to be supplied with any significant defects or durability issues.

In this case, it's not in dispute that the car had a fault – the broken EVAP pipe – when it was supplied to Miss V, so I won't comment in detail on this issue. I don't think a reasonable person would expect a car of this age and mileage to be supplied with a broken part, or that parts would need to be replaced almost immediately after supply. So, I don't think the car was of a satisfactory quality when it was supplied to Miss V.

The CRA says a customer has the right to reject a car that's of unsatisfactory quality within 30 days of it being supplied. But this doesn't mean the customer is required to reject the car – and they can agree an alternative remedy such as a repair. Miss V agreed that the dealership could carry out a repair to put right the fault – and she didn't suggest she wanted to reject the car at that stage.

Where a customer agrees to a repair, they can still reject the car if that repair fails. Miss V asked to reject the car the day after it was returned to her. But the problems she was reporting weren't related to those previously repaired by the dealership – so I think it's fair that the dealership wanted to investigate the issue to determine whether there was still a fault.

The dealership identified a software issue, which it said could be resolved with an update. It said this issue was responsible for the warning lights and entertainment problems Miss V reported. Although Miss V initially said she wanted to reject the car, she later collected it and has continued to drive it since. I'm satisfied that, by doing so, she effectively accepted the further repair offered by the dealership. While there was a software issue that required an update to fix, based on what I've seen I don't think this was significant or out of line with what a reasonable person would expect taking the age and mileage of the car into account.

Miss V says the software update didn't resolve the problem and believes there's an underlying fault. She says she's continued to experience problems with the entertainment system and that warning lights still sometimes appear on her dashboard before disappearing. I've considered this. The engineer who inspected the car in August 2024 couldn't replicate either of the issues that Miss V had reported and found no active fault codes or other evidence of a fault. I haven't seen any other reports or job cards to suggest a further fault has been identified since the car was repaired by the dealership.

Miss V provided photos of the dashboard which show some warning lights, which she says disappear shortly after. But I don't think this – on its own – demonstrates that the car has an underlying fault. Miss V has driven the car for more than a year since it was repaired, and I note that in February 2025 – during the most recent MOT – the car had driven more than 40,000 miles. I don't think it's likely that she'd have been able to drive more than 10,000 miles since the point of supply without any significant problems if the car had an underlying fault.

So, while I appreciate Miss V remains unhappy with the car, based on the evidence I've seen I'm not persuaded – on balance – that the repairs arranged by the dealership failed or that there's still an underlying fault that would render the car of unsatisfactory quality. So, I don't think Black Horse acted unfairly by not taking the car back or refunding any of the amounts Miss V paid.

Black Horse offered Miss V £300 to recognise the inconvenience caused by the initial problems with the car and the fact that it needed to be repaired so soon after it was supplied. Because the car was faulty, Miss V had to take it back to the dealership on two occasions. She also had to make alternative travel arrangements for a few days while the dealership investigated and repaired the second issue. Taking all of the circumstances into account, I think £300 is a fair reflection of the distress and inconvenience caused to Miss V.

So if it hasn't already, Black Horse should now pay Miss V £300 as it previously offered. I don't require it to do anything further.

My final decision

Black Horse Limited has already made an offer to pay Miss V £300 to settle the complaint, and I think this offer is fair in all the circumstances.

So, my final decision is that Black Horse Limited should pay Miss V £300 – if it hasn't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss V to accept or reject my decision before 1 September 2025.

Stephen Billings
Ombudsman