

The complaint

Ms L complains about a debt owing to Black Horse Limited (“Black Horse”) which has now been sold on to a third party.

What happened

Ms L voluntarily terminated a hire purchase agreement in 2021. The hire purchase agreement had been taken in 2018 with Black Horse for the supply of a car. She’s told us that she couldn’t afford the car after problems during Covid, so in May 2021 returned the form to request to terminate the agreement and give the car back.

The form outlined that she would still owe Black Horse £2887.38 to complete this voluntary termination. This was the figure to take the balance she had paid on the agreement to over 50% of the monies due. Black Horse proceeded with this and collected the car. However, the money due, £2887.38, was never paid.

Ms L complained in January 2025 to Black Horse, saying that she hadn’t heard from them since the termination, disputing the amount owed, and she was unhappy with the impending court judgement and felt harassed.

Black Horse investigated her complaint and didn’t uphold it. They issued her their final response letter (FRL) in February 2025, laying out what she owed, how these figures were worked out, confirming that she’d signed and returned the forms saying she would pay the balance owed within 30 days of returning the car. They confirmed all the letters and statements they’d sent her showing how much she still owed, and that they had warned her they may sell the debt to a third party which they had done eventually, after recording a default on her credit file.

Ms L brought her complaint to our service and an investigator here investigated it and gave their view that Black Horse had done nothing wrong, they’d found no errors in how Black Horse had dealt with Ms L.

Unhappy with this, Ms L disagreed and asked for an Ombudsman to make a final decision. She laid out at this stage where she felt Black Horse had miscalculated the amount due, how they hadn’t factored in or even explained how they had factored in the sales proceeds from the car into the termination, that the 30 days to pay she had been given didn’t meet regulations, and said that Black Horse hadn’t engaged in meaningful discussions with her before selling the debt on. She questioned their record keeping and communications and quoted various FCA principles she felt they hadn’t met. The case has come to me for a final 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'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. Ms L 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.

I reached out by email to Ms L to explain that ultimately, she owed the money, and her claims about it weren't going to change this, but she didn't respond to me, so I have gone on to issue this formal final decision.

Ms L has brought in a variety of points before this final decision which didn't form part of her complaint, so I'm not going to answer them all. I explained to her that when she has told us she wasn't notified of the default issued on her account, that would not be answered here, and if she has concerns about this, she'd have to raise them separately with Black Horse to give them the opportunity to answer.

I also won't be considering how she's been treated by the third-party company who the debt has been sold to, as they aren't party to this complaint.

Her complaint to Black Horse was that she was unhappy there was a balance still owing, and she was being chased now by a third-party company for this debt. Within this more recently, she's questioned how the monies generated from selling the car after it was returned don't appear to have been used to clear her debt, or it hasn't been explained to her how they have been used.

When terminating a regulated agreement like this one, consumers have the option of a voluntary termination (VT), or a voluntary surrender (VS). In a VT, as carried out here, the consumer doesn't have to pay the full balance owed for the agreement, they just need to pay at least half. Having paid half the money due, the business retains the car, and the consumer gets no further value from it, even when it is sold.

In a VS, the entire balance owing on the agreement is required, and any proceeds from the sale of the car are set against the remaining balance. So, in this instance, as it was a VT, Ms L isn't entitled to any value from the car when it is sold, as she only has to pay half the monies owing on the agreement.

She was required to pay £2887.38 to reach this halfway point where she'd paid half the money owed. She mentions confusion at the amounts, so to clarify, this would be half the amount that was owed for the full finance agreement, including interest. These figures will have been laid out in her original agreement when she signed it in 2018.

Black Horse have laid out the figures for her in their FRL, and I've seen no errors here so don't intend to repeat what she's already been told.

With regards to regulations, I am satisfied that Black Horse have followed all the required legislation and guidelines in dealing with Ms L. Again, I don't intend to counteract each point she's made it turn, as I am satisfied, based on those regulations which applied to this

agreement and her situation, that she's been treated correctly and fairly by Black Horse in dealing with her voluntary termination.

Black Horse are entitled to sell her debt on if she chooses not to pay it or is unable to pay it. They told her they may do this, and eventually, they did. There's no requirement to do it in any particular timeframes, it's simply a business choice, which they've taken.

Ultimately, Ms L has been sent numerous letters, statements and reminders about the debt she owes, but she hasn't been able or willing to pay it. I'm satisfied that Black Horse communicated fairly with her, treated her fairly, and I won't be asking them to do anything more.

My final decision

I am not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms L to accept or reject my decision before 26 September 2025.

Paul Cronin
Ombudsman