

The complaint

Miss R is unhappy with the redress offered to her by Black Horse Limited when a car supplied to her under a hire purchase agreement was of an unsatisfactory quality.

What happened

In February 2024 Miss R was supplied with a used car through a hire purchase agreement with Black Horse. She paid an advance payment of £2,775 and the agreement was for £17,152 over 48 months; with 48 monthly payments of £299.53. At the time of supply, the car was around seven years old, and had done 50,736 miles.

Miss R said the engine management light came on shortly after she got the car. Repairs were diagnosed by a main dealer. She said Black Horse initially agreed to pay for repairs but later changed this to allow Miss R to reject the car.

She was unhappy with how Black Horse handled her complaint. She said they caused delays, their processes weren't transparent, and she had to make countless phone calls. She said that the courtesy car she had been provided with by the car finance broker had been taken away, leaving her without a car. She said Black Horse didn't cover the cost of a hire car, despite telling her that the cost would be covered.

Black Horse agreed the car was not of a satisfactory quality. They initially agreed to pay for repairs, but after reviewing the costs, they said they would accept rejection of the car. They did acknowledge that call backs had not been given as promised.

They said they'd paid Miss R: £300 refund of the deposit, and £2,475 for the part exchange value; one monthly payment; and £300 compensation for distress and inconvenience.

They offered a payment of £100 towards the hire car cost but said they wouldn't normally do this as the cost had not been authorised, and rejection agreed. They said they offered this amount because of the delays experienced by Miss R.

They offered an additional £50 because the collections correspondence should not have been issued to Miss R. They also refunded the £99 admin fee she'd paid. In total, they paid her £3,631.58.

Miss R was unhappy with this response, so she referred her complaint to our service for investigation.

Our investigator said the amount of redress offered by Black Horse was fair. But she said they should've added 8% simple interest on all the amounts that were to be refunded.

Miss R didn't agree with the investigator. She said the amounts awarded by our investigator didn't reflect the time Black Horse took to resolve the complaint, or the lack of empathy shown by them. She said she wanted the cost of the car hire refunded.

Black Horse agreed to pay interest on the admin fee. They initially didn't agree that the simple interest applied to the value of the car traded in at the time of the purchase. They agreed to pay that interest after our investigator explained why she felt this should be included in the award.

Because Miss R didn't agree, this matter has been passed to me to make 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. Miss R was supplied with a car under a hire purchase agreement. This is a regulated consumer credit agreement which means we are able to investigate complaints about it.

Complaint Handling

Before I explain why I've reached my decision, it's important for me to set out exactly what I've been able to consider here. Miss R complained about how Black Horse handled her complaint and wanted any compensation to reflect the impact this had. But complaint handling is an unregulated activity and so, falls outside of our service's jurisdiction to consider. So, the way Black Horse handled Miss R's complaint hasn't been considered as part of my decision.

Undisputed Fault

In this instance, it's not disputed there was a problem with the car supplied to Miss R, and both parties appear to have accepted that rejection of the car, and ending the agreement, was fair and appropriate. 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.

Putting things right

No Payment Refund

Miss R was able to use the car while it was in her possession. And while it was being repaired, she was provided with a courtesy car to keep her mobile. Because of this, I think it's only fair that she paid for this usage. Miss R paid four monthly payments for the period to June 2024. Black Horse agreed to refund one monthly payment. I think that was reasonable and I won't be asking Black Horse to refund any more of the payments she's made.

Hire costs

The car finance broker supplied Miss R with a hire car. They stopped paying for this on 7 June 2024. Miss R kept the hire car for a few weeks after, resulting in her needing to pay £735.12.

Because the car she was supplied with was undrivable and she wasn't supplied with a courtesy car from 7 June 2024, and as Black Horse failed to keep Miss R mobile, I'm satisfied they should refund the monthly payment she made for this period. As they've already done so, I'm not asking them to do anything more.

Miss R said she kept using the hire car as she believed the cost would be covered if her complaint was upheld. Whilst she was told in the first call on 7 June 2024 that costs would be included in her claim, and these would be reviewed – payment of these costs was never guaranteed. So Miss R should've known that keeping the car hire could result in her incurring costs. This was made clear to her in subsequent calls, but she chose to remain in the hire car. I've explained above why I think a refund of the monthly payment is appropriate. Black Horse has refunded the monthly payment, and paid £100 towards the hire car costs. I think that's reasonable, so I won't be asking Black Horse to pay anything more towards the cost of the hire car.

Simple Interest

I note that Black Horse has now agreed to pay 8% simple interest on all refunded amounts. I agree that is appropriate. I would also have applied the interest to the trade in value. That's because Miss R would've had access to that amount as a cash price for the car, and has been deprived of it in the same way she would have if she'd paid the deposit in cash rather than a trade in.

Distress & Inconvenience

It's clear that Miss R was inconvenienced by having to arrange for the car to be repaired, and by this repair being unsuccessful.

And it's clear that she has found the whole process stressful. She explained how the delay in collecting the car delayed the return of her deposit. This meant she couldn't start the process of acquiring a new car.

She also described the distress she felt when she received a letter from Black Horse about missed payments and the potential impact on her credit file.

I acknowledge the impact all this had on Miss R. She clearly found the whole process upsetting and stressful. I understand Black Horse has paid £350 in compensation to Miss R. That's in line with what I would've awarded, and fairly reflects the distress and inconvenience caused.

I understand Black Horse has already collected the car and ended the agreement. It has also taken steps to update Miss R's credit file and removed any adverse entries. As it has paid the redress I've set out above, and refunded the full deposit (cash paid and trade in value), and the admin fee she paid, I won't be asking it to take any further action to resolve this complaint.

My final decision

For the reasons explained, I don't uphold Miss R's complaint about Black Horse Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept

or reject my decision before 9 September 2025.

Gordon Ramsay
Ombudsman