

The complaint

Mr B complains that the car he acquired financed through a hire purchase agreement with Black Horse Limited ("BHL") wasn't of satisfactory quality.

What happened

In February 2024 Mr B acquired a used car financed by a hire purchase agreement with BHL. Very shortly after purchase and for the next few months Mr B experienced various issues with the car. Unable to get help from the dealer Mr B raised a complaint with BHL in early August. BHL upheld the complaint and agreed to pay for the repairs which included replacement of the NOx sensor and EGR valve. BHL also agreed to pay Mr B £168 for the diagnosis cost and trouble and upset caused.

Mr B accepted this outcome but brought a second complaint to BHL in October regarding problems the car had with a corroded exhaust system. In its second final response BHL said it hadn't been provided with any mechanical evidence this was a fault that was present or developing at the point of sale. Mr B brought his complaint to his service. He said he'd been unable to drive his car since August and was relying on other expensive transport. He said he had provided evidence the faulty exhaust system is the root cause of the original fault (NOx sensor). He said there were repeated past advisories relating to the exhaust system on previous MOTs that have no record of having been repaired. He said this led him to believe the car was sold with a faulty exhaust pipe which led to the initial engine light on 11 February and the NOx Sensor appearing on the diagnostic reading in March.

After the complaint came to our service BHL reviewed Mr B's evidence and proposed a settlement. In its response to our enquiries it said "a third-party main dealer stated on its invoice the Engine Management Light (EML)/NOx sensor issue is likely being caused by the exhaust therefore, having reconsidered this point, it's plausible the issue has been developing since the EML began to illuminate shortly after the sale. It said paying for the repairs would be fair and reasonable. Its total compensation offer was:

- £168 and £25 for the refund of diagnostic reports
- 8% simple interest on the costs incurred by Mr B
- £150 for the trouble and upset Mr B experienced.

Mr B explained that he had additional transport costs due to not being able to drive his car including taxi costs to a total of £2,778.51. BHL didn't agree to refund these costs but instead offered to refund the last eight monthly payments to a total of £625.76.

Our investigator considered this offer from BHL to be fair and reasonable in the circumstances. Mr B didn't agree and asked for a decision from an ombudsman. He made some additional comments to which I have responded below where appropriate.

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.

First, I've seen that Mr B has made numerous points in support of his complaint. I know that I've summarised it in far less detail and in my own words. I'm not going to respond to every single point made by Mr B. No discourtesy is meant by this. Instead, I've focussed on what I think is the crux of the complaint. Our rules allow me to do this. This simply reflects the informal nature of our service. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point to be able to reach what I think is the right outcome.

In considering what is fair and reasonable I need to have regard to the relevant law and regulations, regulator's rules, guidance and standards, codes of practice and (where appropriate) what I consider having been good industry practice at the relevant time. Mr B's hire purchase agreement is a regulated consumer agreement and as such this service can consider complaints relating to it.

BHL, as the supplier of the car, was responsible for ensuring it was of satisfactory quality when it was supplied to Mr B. Whether or not it was of satisfactory quality at that time will depend on several factors, including the age and mileage of the car and the price that was paid for it. The car was about six years old, had been driven for 73,512 miles and had a price of £9,299. Satisfactory quality also covers durability which means that the components within the car must be durable and last a reasonable amount of time – but exactly how long that time is will depend on several factors.

If I am to decide the car wasn't of satisfactory quality, I must be persuaded faults were present at the point of supply. Faults that developed afterwards are not relevant, moreover even if the faults reported were present at the point of supply this will not necessarily mean the car wasn't of satisfactory quality. This is because a second-hand car might be expected to have faults

BHL has now accepted there are faults with the vehicle which were likely present or developing at the point of sale so it follows it accepts the car wasn't of satisfactory quality. So it's left to me to decide the appropriate remedy. BHL has agreed to repair the car and has proposed a settlement which Mr B doesn't think goes far enough. He believes BHL should refund him the taxi costs he incurred while the car has been off the road.

First of all, I'm pleased to see BHL has agreed to pay for the repairs to the car and for the diagnostics. In addition to this it has acknowledged that this situation has caused Mr B distress and additional inconvenience and has offered a sum of £150 which I think is in keeping with what our service would recommend.

Mr B would like BHL to refund £2,778.51 worth of taxi travel and has provided receipts. He explained that he tried to mitigate costs of transport by using his partner's car on days they both needed to drive with her taking a taxi and using his debit card as her journey was shorter. He also said as her car was much smaller than his it was not comfortable for him to drive. He said he did this as a cost saver. Mr B also explained that hiring a car would have proven to be more expensive. As part of his own investigation he said he has listened back to a call he had with BHL during which he said he made it clear he was booking taxis for transport, that he was doing what he could to mitigate costs and was intending to reclaim the cost of the taxis. He said he made BHL aware the costs were not low.

As I mentioned above we are an informal resolution service. In circumstances such as Mr B's we would expect the business to pay compensation for the period when the car was faulty due to not being of satisfactory quality. That would usually be a refund of monthly payments for this period or travel costs but not both. I'm not disputing Mr B when he said he

tried to mitigate the costs but I haven't seen or heard any evidence that shows BHL authorised these taxi costs for Mr B or his partner.

Mr B said he wasn't able to use the car for six months from 10 September to 18 March when he collected the car following its repair. BHL has offered to refund eight months of payments to a total of £625.76. I'm sympathetic to the fact this is not the news Mr B would like but I'm satisfied this is fair and reasonable in the circumstances and is in line with what our service would recommend.

I understand Mr B may be very disappointed with my conclusions. As I mentioned above we are an informal resolution service. Nothing in this decision prevents him from pursuing the complaint through the courts. Although of course this would come with other costs and risks

My final decision

Black Horse Limited has made the following offer to settle the complaint, and I think this offer is fair in all the circumstances. So, my decision is that Black Horse Limited should, if it hasn't done so already:

- Refund to Mr B the cost of the repairs to the vehicle including the exhaust.
- Pay a compensation payment of £343.00. This payment includes:
 - £168 for the refund of the diagnostics.
 - £25 for the refund of the diagnostics.
 - £150 for the distress and inconvenience
- Refund eight monthly payments totalling £625.76
- Pay 8% simple interest on the above payments.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 14 July 2025.

Maxine Sutton
Ombudsman