DRN-5631204

The complaint

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

What happened

The circumstances of this case are well known to both parties, so I won't repeat everything here. To summarise, Miss A was supplied with a used car through a hire purchase agreement with Black Horse in November 2024. The car was first registered in October 2020 and the finance agreement confirmed the mileage to be 59,660. The cash price of the car was £19,200 and she paid a deposit of £2,700. The amount of credit was £18,000 including the added warranty and the duration of the agreement was 37 months; with 36 monthly payments of around £326 and a final repayment of £12,447.

Shortly after acquiring the car, she reported multiple issues including a persistent screeching, battery and engine malfunction warning lights on the dashboard, harsh and jolting braking, sound when turning at full lock with vibration in the steering wheel and over-revving. Because of these issues, Miss A asked to reject the car.

Black Horse didn't uphold Miss A's complaint as they hadn't seen any mechanical evidence to confirm there is a fault with the car that would make it of unsatisfactory quality when it was supplied to Miss A.

After claiming her deposit back via chargeback through her bank, the dealership accepted rejection of the car and all payments made by Miss A were refunded. Black Horse say this was not due to any quality issues but rather to draw the matter to a conclusion. This wasn't a decision made or agreed by Black Horse, who maintained their position on Miss A's complaint.

Miss A remained unhappy, as she thought she should be compensated for the distress and inconvenience caused, as well as loss of use. She also thought her tax and insurance costs should be refunded.

Our Investigator reviewed matters and said based on the evidence available, they weren't persuaded there was a fault with the car. So, they didn't think Miss A was supplied with a car that was of unsatisfactory quality.

Miss A didn't agree. And as no agreement has been reached, the matter has 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.

Having done so, I've reached the same outcome as the Investigator, for broadly the same reasons.

Firstly, it may be helpful to clarify what it is this decision will cover. Miss A has raised multiple complaints relating to the service provided by the supplying dealership, but I won't be commenting on these points here. This complaint is against Black Horse and so I can only consider the actions of Black Horse in this decision.

I also think it's important to explain I've read and taken into account all of the information provided by both parties, in reaching my decision. I recognise I've summarised the complaint in significantly less detail than Miss A has. This isn't intended as a discourtesy to either party, but merely to reflect my informal role in deciding what a reasonable outcome is. If I've not reflected something that's been said it's not because I didn't see it, it's because I didn't deem it relevant to the crux of the complaint. 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 taken into account 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 A 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.

The Consumer Rights Act 2015 (CRA) covers agreements such as the one Miss A 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.

Miss A acquired a car that was used, four years old and had covered around 59,660 miles when she took possession of it. It had a cash price of £19,200. So, what would be considered satisfactory quality would be significantly different to if Miss A had acquired the same car brand new and at a greater cost. As this was a used car, it's reasonable to expect parts to have suffered some wear and tear prior to Miss A acquiring it, which wouldn't make the car of unsatisfactory quality.

I've carefully considered Miss A's version of events and the evidence provided by both parties. Having done so, I note it's not disputed some of the issues reported by Miss A existed. However, to uphold this complaint, I would need to be persuaded that these issues were caused by faults that were present when the car was supplied to Miss A, and meant the car was of unsatisfactory quality. I'd like to make it clear that even where a car has defects when supplied, this doesn't always mean it was of unsatisfactory quality.

The supplying dealership carried out multiple road tests. The first found there to be a squeaking noise, vibration and a clonking noise. The second also confirmed the squeaking noise, but didn't find there to be any vibration. It was noted the car was sitting at 1200-1500rpm, which could be the engine trying to charge the battery which was at 1%. The car was charged after which no faults could be found. None of the test drives found there to be a battery malfunction or harsh jolting when braking.

An independent inspection of the car was carried out in December 2024. Within their report, the engineer confirmed:

We performed a brake efficiency test where we can confirm the service brake achieved a 84% efficiency. The electric handbrake achieved a 52% efficiency. No abnormal jolting was noted or any abnormal noise under braking conditions.

We can confirm the front and rear brake discs and brake pads were serviceable; however, were dirty in appearance. We would consider these require a strip down, clean and refitment.

We carried out a road test of 13miles up to 60mph. During the road test when in a car park and performing left front, right front, left reverse and right reverse manoeuvres no vibration was noted.

During the road test the engine and gearbox performance was found to be satisfactory with no warning lights or warning messages produced.

We did not experience the engine idle being abnormal and it was idling correctly under 1000rpm.

The radar sensor would require cleaning. The front and rear brake discs and brake pads would require removal, cleaning to the discs and pads and caliper assembly and then refitment.

I've seen that following this report, the dealership conducted a code scan and found no faults. However, they did consider the brakes needed regreasing.

I note Miss A's comments that the brakes were never regreased, despite her agreeing to this. But I don't consider this to be relevant now rejection has been accepted by the dealership and she no longer has the car. What I need to consider here is if there was a fault that made the car of unsatisfactory quality when it was supplied to Miss A. And I'm not persuaded there was.

The independent report didn't identify any faults causing the issues reported by Miss A. While it's not disputed the squeaking noise existed, I haven't seen any evidence that this was caused by a fault. It was suggested that cleaning the brake pads and discs and regreasing the brakes would resolve this. The dealership offered to carry out these works at no cost to Miss A, which I consider would've been reasonable considering the short amount of time she'd been in possession of the car. But I consider these works to be general maintenance that can be reasonably expected when acquiring a used car, rather than repairs of faults that would render the car of unsatisfactory quality.

Miss A has provided a technician's report which she considers confirms there was a fault with the brakes that exceeded reasonable wear and tear. I've considered this and note it refers to lipped and rusty discs. However, these are common signs of wear and tear which I don't consider to be unreasonable on a car that had travelled over 60,000 miles. I also note this inspection took place around two months after the independent inspection, at which point the independent engineer confirmed the brake pads and discs were in a serviceable condition, despite needing to be cleaned. I'm therefore persuaded it's more likely than not that they were in a satisfactory and serviceable condition when the car was supplied to Miss A.

I've considered there is mention within the technician's notes of the squeaking noise possibly relating to the lower arm ball joint, but it also says this would require further investigation. There is no conclusive evidence of there being a fault present.

The technician did note that when stationary, the engine revs from 950 to 1200rpm for a little while then comes back down. But it was also noted the battery was at 0% charge which was found to be the likely cause of this previously. I've considered that infrequent use can cause the battery to lose charge, and very little mileage had been covered during the three months Miss A had the car. And without any evidence of a battery related fault, I don't have enough to conclude this would make the car of unsatisfactory quality.

The independent engineer did identify some potential ghost fault codes unrelated to the issues Miss A reported. However, they also set out examples of circumstances that can lead to fault codes with unidentifiable defects, that aren't indicative of an existing fault with the car. In Miss A's case, they explained the fault codes may be ghost codes which have not been cleared following repairs, as the car wasn't showing issues relating to the codes identified. The engineer recommended further investigation into the fault codes, specifically they should be cleared then monitored.

I haven't seen any evidence that confirms these codes related to a fault present on the car. And having considered all the evidence available to me, I find there to be insufficient evidence that persuades me that it's more likely than not there was a fault with the car, that would make the car of unsatisfactory quality when it was supplied to Miss A.

Miss A has also said the car was misrepresented to her because of its condition not being of satisfactory quality. To make a finding of misrepresentation, I would need to be satisfied that Miss A was told a false statement of fact that caused her to enter into a contract she would not have entered into otherwise. Miss A hasn't detailed specifically what she was told at point of supply that she considered to be untrue or influenced her decision to acquire the car, other than implied assurances of quality and functionality. I've already set out why I think the car was of satisfactory quality when it was supplied to Miss A, and I haven't seen any evidence of a false statement of fact being made or the goods being misdescribed, such as it being in perfect condition. What I have seen, is a purchase order document, signed by Miss A that says:

"I confirm that, before I signed this certificate my attention has been drawn to the age of the vehicle (as shown by the date of the first registration or otherwise) and the fact that defects may be present consistent with its age and condition."

So, based on the available evidence, I don't consider the car was misrepresented or misdescribed to Miss A. And as I also can't say Black Horse supplied Miss A with a car that was of unsatisfactory quality, it follows that I don't agree they should refund the tax and insurance costs, or compensate Miss A for loss of use, distress or inconvenience. I realise this will come as a disappointment to Miss A, but I don't think Black Horse needs to do anything further.

My final decision

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

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

Nicola Bastin
Ombudsman