

The complaint

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

What happened

In August 2023 Mr M acquired a used car financed through a hire purchase agreement with Black Horse. Mr M told this service that the dealership, D, identified a cracked timing belt in April 2024 but failed to notify him at the time, or take any action. He said in July 2024 D failed to inspect the timing belt during the annual service which violated its own checklist. Mr M said in January 2025 advanced belt degradation was confirmed with mileage at approximately 69,000. He said at this point he became aware the manufacturer knew about this defect since 2021. He complained to Black Horse.

In its final response Black Horse upheld Mr M's complaint. It said D had agreed to repair the vehicle and offered £150 compensation for the distress and inconvenience. It said D had confirmed the timing belt wasn't checked during the July 2024 service due to the manufacturer now shortening the belt's expected duration. It said D had taken full responsibility for this and had agreed to repair at no cost to Mr M.

Mr M wasn't satisfied and brought his complaint to this service. He said:

1. Latent Defect: The timing belt's premature degradation is a hidden manufacturing flaw, not wear and tear. The Technical Service Bulletin (TSB) confirms this defect existed at purchase.
2. Dealer Negligence: D documented the defect in April 2024 but concealed it and later skipped mandatory checks.
3. Black Horses Failures: Ignored Section 75 liability under the Consumer Credit Act 1974 (CCA).

He would like to reject the vehicle. Our investigator concluded that the car was of satisfactory quality when supplied and subsequently developed a fault. She said Black Horse had acted reasonably and fairly when it responded to Mr M's complaint. Mr M didn't agree. He made some additional comments to which I have responded below as 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.

I realise this will come as a disappointment to Mr M but having done so I agree with the conclusions reached by the investigator for the reasons I've outlined below.

I can see that Mr M has raised numerous points in support of his complaint. I won't be addressing every point individually — no lack of consideration is intended. Instead, I've focused on what I consider to be the key issues. Our rules allow me to take this approach,

which is in keeping with the informal way our service operates. If I don't mention something, that doesn't mean it has been overlooked — it hasn't. I'm satisfied I don't need to comment on each separate point in order to reach what I believe 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 M's hire purchase agreement is a regulated consumer agreement and as such this service can consider complaints relating to it.

Mr M has raised concerns that the complaint hasn't been looked at through the lens of Section 75 (S75) of the Consumer Credit Act 1974 (CCA). He believes S75 makes Black Horse jointly liable with D and is crucial to his case. He has said Black Horse is the finance provider and that D is the supplier so a debtor-creditor-supplier relationship exists.

I understand why Mr M might think that S75 is relevant law here as his agreement is regulated by the CCA. But the issue being complained about - a breach of contract under a hire purchase agreement - isn't covered under S75. In practice it may have appeared as if D supplied the car to Mr M, but in fact the vehicle was supplied directly to Black Horse, and it became the legal owner. When Mr M signed the hire purchase agreement he hired the car from Black Horse. So Black Horse is both the creditor and supplier to Mr M. This is confirmed on Mr M's hire purchase agreement. On page one it says:

"We are the owner of the Vehicle. We are also the lender under the Agreement... You are the hirer and the borrower..."

We agree to supply the Vehicle to you under a hire purchase agreement. This means the Vehicle remains ours and we hire it to you from the date we sign the Agreement until you pay all sums due under the Agreement."

So a debtor-creditor-supplier relationship hasn't been established and S75 doesn't apply. But there is other legislation Mr M can rely on and which I have taken into consideration here. The Consumer Rights Act 2015 (CRA) covers agreements such as the one Mr M entered into. Under this agreement, there is an implied term that the goods supplied will be of satisfactory quality. And Black Horse, as the supplier of the car, was responsible for ensuring it was of satisfactory quality when it was supplied to Mr M.

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 three years old, had been driven for 56,193 miles and had a price of £10,517. 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 related to reasonable wear and tear.

I'm persuaded there was a fault with the vehicle. I say this because I've seen a copy of a job sheet dated 29 January 2025, at 66,042 miles. It says:

"Checked losing power in 2nd. Checked rattle from engine. Checked EML and warning on dash, suspect all related to same fault...Been running on very low oil

level – no signs of leaks. Checked timing belt – excessive cracks and breaking up – overdue by mileage... Will require timing belt kit, sump removal and clean out, oil and filter change and camshaft sensor..."

Mr M also provided a copy of a job sheet dated 1 April 2024 at 56,300 miles. The technician has noted

"reached out to manufacturer and advised to check wet belt. Found signs of cracking in the belt."

In response to Mr M's complaint Black Horse confirmed D had taken responsibility for the fact the timing belt wasn't checked during the July 2024 service and agreed to repair the car at no cost to Mr M. I understand the repairs are completed. Mr M said the cost of the diagnostic report had also been refunded.

Before the car failed in January 2025 Mr M had been able to drive it just under 10,000 miles. I can see job sheets provided show issues with the timing belt but they don't indicate whether or not the fault was present or developing at the point of sale or if it was as a result of reasonable wear and tear. Mr M has said the timing belt didn't fail in January 2025. He said it had already failed in April 2024 when D noted on the job card that the belt was cracked and needed replacing. He said he wasn't told this by the garage but he had been reporting issues with the engine misfiring and rough idling. He said that belt degradation must have already been underway at the point of purchase. I understand Mr M's argument and I accept that there could have been wear and tear to the timing belt at the point of purchase. And given the amount of mileage the car had done at that point and the additional mileage Mr M had done it's also possible that any wear and tear would be considered reasonable for the age and mileage of the car.

Mr M said the vehicle developed critical timing belt issues linked to a known manufacturing defect in this model of car. He said a copy of a Technical Service Bulletin (TSB) showed manufacturers knew about this latent defect since 2021 but instructed retailers to hide it unless customers complained. I've seen a copy of this TSB and although it says *"the special coverage is only to be applied upon customer complaint"* it's not for me to interpret that as information being hidden. I'm not disputing that Mr M's car could be affected by the issues on the TSB but I haven't seen any evidence that links this TSB with Mr M's specific vehicle, only that it may affect the model of car Mr M has. The timing belt would typically be expected to need replacing between 60,000 to 100,000 miles or 5 to 10 years. The timing belt Mr M's car showed signs of wear at around 56,000 miles and failed at around 66,000 miles, which is within the typical range although at the lower end. I haven't seen evidence this fault was present or developing at the point of sale and wasn't as a result of reasonable wear and tear. So I'm persuaded the car was of satisfactory quality when it was supplied.

Even if I was persuaded the car wasn't of satisfactory quality this would not automatically mean Mr M would be able to reject the car. Under the CRA Black Horse would be allowed an opportunity to repair the vehicle where reasonable. D has acknowledged it did not check the timing belt during the July 2024 service and has repaired the vehicle at no cost to Mr M. In addition Black Horse told this service:

"We have offered £150 for the distress and inconvenience caused, despite this not being confirmed as a quality issue at the point of sale. We have also offered to cover any other expenses incurred if evidence is provided which is more than fair and reasonable."

Mr M has also complained that D documented the defect in April 2024 but concealed it and later skipped mandatory checks. Actions taken by the dealership after the agreement was

signed are not part of our remit. Mr M should complain to D directly. He has also said that D sold the car to him despite documented risks on the TSB, so was misrepresented to him.

Generally speaking, a misrepresentation is when a false statement of fact has been made; and this false statement induces a customer to buy the goods. Section 56 of the CCA establishes that a finance company can be held responsible for antecedent negotiations carried out by its agent that take place before the agreement is entered into. Mr M hasn't argued he was told something he's later found to be untrue. However, there are some more limited circumstances where an omission to disclose a material fact can constitute a misrepresentation – that is by what a supplier doesn't make clear when it ought to, either deliberately or otherwise. Any misrepresentation in these circumstances would have been made by the broker, in this case D, and not Black Horse, but Black Horse provided the credit so it is also liable for any misrepresentation made by the dealer.

The TSB isn't specific to Mr M's vehicle, only the make and model, D wouldn't have been able to say with certainty if Mr M's vehicle would be affected. The issue was that the manufacturer had shortened the timing belt lifespan and not every vehicle would have been affected. The timing belt is a wear and tear item requiring regular maintenance irrespective of the TSB, with the bulletin having the effect of bringing forward the checking and maintenance. If I accept that D knew about the TSB and withheld the information that the vehicle Mr M wanted to acquire may be affected I would also need to be persuaded this information would have led to Mr M not going ahead with the agreement. But I've not seen any evidence of this. So I'm not persuaded the car was mis-sold.

Black Horse, via D, has repaired the car and offered £150 compensation as well as refunding reasonable expenses. I think this is fair and I won't be asking it to do anything further. Black Horse told this service that Mr M hasn't yet accepted the compensation and reimbursement of expenses. Mr M should contact Black Horse directly if he wishes to accept this offer.

I understand Mr M will be disappointed with my conclusions. 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

My final decision is I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 20 March 2026.

Maxine Sutton
Ombudsman