

The complaint

Mr H complains that Black Horse Limited trading as Land Rover Financial Services ("Black Horse") mis-sold him a hire purchase agreement.

What happened

In August 2024 Mr H acquired a new car at a cost of £111,000. He says the dealer told him that if he entered into a finance agreement to cover part of the cost he would benefit from a discount. This could be repaid early, but not in the first 30 days. He contacted Black Horse and it says that Mr H explained that he didn't want the finance agreement, but was only taking it to receive the discount. He was also informed about how he could cancel the agreement if he decided to take it out. Black Horse says it told Mr H not to take the finance agreement if he was unhappy with any of the figures and advised him to talk to the dealer.

Several days later Mr H completed the purchase and took out finance for £12,500. The agreement records the following:

Cash Price	£110,999
Cash	£39,000
Part Exchange	£57,000
Manufacturers' Deposit Allowance	£2,500
Finance	£12,500

The sales document gives a more detailed breakdown of all the costs and allowances which make up the final price.

Cost including options		£95,370.82 (net of VAT)
Discount		-£7,112.50
Dealer Contribution	-£1,000	-£833.33 (net of VAT)
Mfr Contribution	-£2,500	-£2,083.33 (net of VAT)
Sub Total		£92,454.16
Road Tax		£55.00
VAT		£18,490.83
Total		£111,000.00

In a separate box on the invoice it shows the Finance Deposit Contribution of £2,500 which was deducted from the balance due.

Mr H contacted Black Horse in September 2024 and said he believed he had been forced to take the finance and that it had been mis-sold. He asked for a settlement figure which was £12,517.56 which he duly paid.

Black Horse rejected Mr H's complaint and said:

“the “discount you were provided with was £2,500 Finance Deposit Allowance and £2,500 loyalty bonus if finance is taken up. A deposit contribution, also known as a finance deposit allowance, is a financial incentive offered by car dealerships or manufacturers towards the purchase of a vehicle. It represents a contribution made by the dealer or manufacturer towards the required deposit amount for a car finance agreement. The deposit contribution is typically deducted from the overall cost of the vehicle or used to reduce the initial deposit amount required from the buyer.”

Black Horse has said that Mr H received incentives and discounts totalling £13,112.50.

Mr H brought a complaint to this service in which he complained there was a cohort seeking to prevent dealership discretion which caused mis-selling of the finance agreement. He said dealers offered discounts only if finance was taken and threatening clawbacks if the finance was repaid.

The complaint was considered by one of our investigators who didn't recommend it be upheld. She explained our role as a dispute resolution service and we could only address the actions of Black Horse. She said she wasn't persuaded there had been any mis-selling and in any event Mr H had not suffered any notable detriment. Mr H pushed back and our investigator obtained more information from Black Horse, but this did not persuade her to change her view. Mr H asked that his complaint be considered by an ombudsman.

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.

When the evidence is incomplete, inconclusive or contradictory as some of it is here – I've reached my outcome on the balance of probabilities – that is, what I consider likely to have happened given the available evidence and the wider circumstances.

I want to acknowledge that I've summarised the events of the complaint. I don't intend any discourtesy by this – it just reflects the informal nature of our service. I also want to assure Mr H that I've reviewed everything on file. If I don't comment on something, it's not because I haven't considered it. It's because I've concentrated on what I think are the key issues. Our powers allow me to do this.

I should make it clear that the role of the Financial Ombudsman Service is to resolve individual complaints and to award redress where appropriate. I do not perform the role of the industry regulator and I do not have the power to make rules for financial businesses or to punish them. Much of Mr H's complaint is about a cohort of Black Horse, the manufacturer and the dealer acting together to perpetrate a scam. As our investigator has explained such concerns are better addressed by the appropriate regulators.

I appreciate the vigour with which Mr H has pursued his complaint and his concern about the wider issues, but I do not consider I can uphold his complaint.

Under Section 56 of the Consumer Credit Act, finance providers can be held liable for what the credit broker and seller say about the goods (vehicle) before the regulated credit

agreement is entered into by the consumer and before the purchase is made.

This refers to 'antecedent negotiations'. This means if Mr H entered a credit agreement for a vehicle and it turns out something he was told about the agreement by the credit broker, which induced him into entering the contract, was false, the broker can be held responsible for the actions of the broker under certain circumstances. Mr H has, in effect, said that the finance agreement was misrepresented as was the whole sales agreement.

A misrepresentation is a false statement of fact which induces someone into a contract. For a misrepresentation to have taken place, I'd need to be satisfied of two things, that the party to the contract has said something which:

1. Wasn't true;
2. And that the false statement has convinced Mr H to enter the contract and buy the car.

The Law on Misrepresentation

The law relating to misrepresentation is a combination of the common law, equity and statute – though, as I understand it, the Misrepresentation Act 1967 didn't alter the rules as to what constitutes an effective misrepresentation. It isn't practical to cover the law on misrepresentation in full in this decision – nor is it necessary. But, summarising the relevant pages in Chitty on Contracts (33rd Edition), a material and actionable misrepresentation is an untrue statement of existing fact or law made by one party (or his agent for the purposes of passing on the representation, acting within the scope of his authority) to another party that induced that party to enter into a contract.

The misrepresentation doesn't need to be the only matter that induced the representee to enter into the contract. But the representee must have been materially influenced by the misrepresentation and (unless the misrepresentation was fraudulent or was known to be likely to influence the person to whom it was made) the misrepresentation must be such that it would affect the judgement of a reasonable person when deciding whether to enter into the contract and on what terms.

However, a mere statement of opinion, rather than fact or law, which proves to be unfounded, isn't a misrepresentation unless the opinion amounts to a statement of fact and it can be proved that the person who gave it did not hold it or could not reasonably have held it. It also needs to be shown that the other party understood and relied on the implied factual misrepresentation.

Silence, subject to some exceptions, doesn't usually amount to a misrepresentation on its own as there is generally no duty to disclose facts which, if known, would affect a party's decision to enter into a contract. And the courts aren't too ready to find an implied representation given the challenges acknowledged throughout the case law.

Mr H has explained that the dealer didn't explain the arrangements with full clarity and conflated the two sums of £2,500. However, he took the opportunity to talk directly to Black Horse and to seek clarification. It also advised him not to take the finance if he was unhappy with it. Having seen both the sales agreement and the finance agreement I can see that Mr H was made aware of the overall cost and the net figure after extras and incentives and discounts. It was open to him to be satisfied with what he was agreeing to and I can see no reason to presume something was hidden from him.

Nor have I been persuaded that Mr H was induced to take out the finance agreement due to a false statement of fact. He was made aware that taking it out would result in a discount on

the overall price and it could be repaid in the short term. There may have been some confusion about whether it could be repaid within 30 days, but I think that was suitably resolved before Mr H went ahead with the purchase.

The dealer offered a discount if he took out finance as part of a commercial arrangement with Black Horse. That is a commercial decision with which I cannot interfere. If Mr H considers that to be a scam then that would be a matter for other regulatory bodies.

Even if I were to uphold Mr H's complaint I cannot see that he has suffered any notable detriment. He repaid the loan soon after taking it out and paid a relatively small sum of interest.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 10 December 2025.

Ivor Graham
Ombudsman