

## **The complaint**

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

When I refer to what Mr A or Black Horse have said or done, it should also be taken to include things said or done on their behalf.

## **What happened**

In October 2020, Mr A acquired a car through a hire purchase agreement with a three-year term. At the end of the agreement, Mr A says he enquired about extending it, as he'd ordered a new car that wasn't due to be ready until May 2024. At this point, he refinanced the car and entered into a new hire purchase agreement with a two-year term. The cash price of the car and amount of credit was £14,785, to be paid over 24 months; with 23 monthly payments of £272.85 and a final repayment of £10,951.

In September 2024, Mr A complained to Black Horse that the agreement was mis-sold. He said he accepted an extension to his existing agreement under the impression he could hand the car back at any time without any additional cost. But when he went to do this, he was told he needed to pay around £5,000 to exit the agreement. He said he wouldn't have entered into the agreement if he knew he would either have to sell the car himself or pay a substantial amount to exit the agreement when his new car was ready.

In its final response, Black Horse said Mr A signed the finance agreement accepting the terms and conditions, which set out what he would need to pay if he chose to terminate the agreement – so it didn't think the agreement was mis-sold. However, it accepted the dealership didn't advise him correctly regarding the costs involved in voluntary termination. As an apology, it offered him £75 compensation.

Our Investigator reviewed matters and didn't think Mr A's complaint should be upheld. While they acknowledged the dealership could've done more to clearly explain the terms of the agreement in relation to voluntary termination, they didn't think they'd made a false statement of fact. They were satisfied Mr A was provided with the terms of the agreement and didn't find these to be unclear, misleading or ambiguous.

Mr A didn't agree. And as no agreement has been reached, the case 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.

I think it's important to firstly explain I've read and taken into account all of the information provided by both parties, in reaching my decision. 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. This isn't intended as a discourtesy to either party, but merely to reflect my

informal role in deciding what a reasonable outcome is. 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. Mr 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.

Under section 56 of the Consumer Credit Act 1974, the finance provider (Black Horse) can be held responsible for what they say and for what is said by a credit broker or a supplier before the consumer takes out the credit agreement. So, I've taken this into account when considering this complaint.

To conclude there has been a misrepresentation in Mr A's case, I must first be satisfied that:

1. A false statement of fact has been made; and
2. That false statement induced Mr A to enter into the agreement.

Both points need to be satisfied for me to say a misrepresentation has been made.

Here, Mr A says he was under the impression his previous agreement had been extended, and he could hand the car back at any time without any additional cost. He says Black Horse has accepted he was misinformed about this. And had he been informed correctly about the costs involved when voluntarily terminating the agreement, he wouldn't have entered into it.

I wasn't party to all the conversations Mr A had with the dealership, and I haven't been provided with recordings of any calls that may have taken place. However, I have seen some emails between Mr A and the dealership regarding the agreement. Having reviewed these, it's clear Mr A made the dealership aware he only intended to keep the car until May 2024. However, I'm also satisfied the dealership made Mr A aware this was a new agreement with a two-year term.

It's not disputed Mr A had a new car on order, or that the dealership was aware of this. But I don't think this alone is enough to find Mr A was sold an agreement that wasn't suitable for him. There are ways of exiting the agreement mid-term, as Mr A intended to do. These options included voluntary termination or selling the car and settling the amount payable in full, as Mr A eventually did.

Mr A asked the dealership if he could return the car at any stage during the agreement term with no extra cost, to which the dealership answered:

*"You would need to contact the Finance team directly if you wanted to return the car before the end of the new agreement and they would go through the terms with you at the time (this is known as a voluntary termination). You would basically be returning the car directly to the finance house and would not receive any possible equity back but would be charged for any excess mileage over the agreed amount (10,000 miles) and would also be charged for any damage over and above what constitutes as fair wear and tear."*

I can see why Mr A may have felt misled by this statement, and don't doubt it would've been disappointing to later find there was also a significant balance payable to voluntarily terminate the agreement when he received his new car. But I don't agree there is enough here to say there was a false statement of fact – such as, he could end the agreement at any time with

nothing further to pay, or that the excess mileage and damage charges are the only amounts he would need to pay.

Ultimately, Mr A was told he would need to discuss voluntary termination with Black Horse, who would go through the terms with him. While I accept it would've been helpful to have provided more detail around this at the time, Mr A was provided with the credit agreement, which states:

*“TERMINATION: YOUR RIGHTS*

*You have a right to end this agreement. To do so, you should write to the person you make your payments to. They will then be entitled to the return of the goods and to half the total amount payable under this agreement, that is £8,613.27. If you have already paid at least this amount plus any overdue instalments and have taken reasonable care of the goods, you will not have to pay any more.”*

I'm therefore satisfied the documentation provided made it clear to Mr A what he would need to pay to voluntarily terminate the agreement. There's no mention within the agreement terms that it could be ended early by returning the car at any time, without anything further to pay. And Mr A would've had the opportunity to review the agreement terms before he agreed to them, at which point he could've questioned anything he believed to differ from what he had been advised by the dealership.

Mr A says it's generally accepted that consumers do not read terms and conditions and the electronic mechanisms used are designed to allow them to be signed without reading them. However, it is a consumer's responsibility to read the terms and conditions before signing and accepting them, and I can't reasonably hold Black Horse responsible if Mr A chose not to. In the circumstances of this case, it's clear Mr A intended to exit the agreement early and he was referred to the finance provider to discuss the relevant terms regarding voluntary termination. So, I think it's reasonable to have expected Mr A to have reviewed the terms relating to this before entering into the agreement, especially if this was a significant factor in his decision making.

I also note that Mr A's car was subject to a previous hire purchase agreement – which he refinanced through this agreement. So, I think it's likely that he was reasonably familiar with how a hire purchase agreement worked and had been provided with the same information regarding voluntary termination previously.

Mr A says another company were able to extend his agreement on a car he leased for his son by charging a daily rate until he was ready to return the car. From what Mr A has said this would've likely been a hire agreement, which differs from a hire purchase agreement. In any event, this option was given to Mr A by a different provider under a different agreement and doesn't mean this was an option that was available to him in this case – and this isn't generally a common option for hire purchase agreements. Additionally, while Mr A says this is what he thought he'd agreed to here, I'm satisfied the agreement wasn't presented to him in this way, for the reasons I've explained above.

I've also considered that Mr A says he had other cars he could've used until his new car was ready. But I haven't seen anything that shows he made the dealership aware of this. He had the option to return the car at the end of his initial agreement and use his alternative cars from this point, but he chose to refinance it. So, I don't consider it would be reasonable to find Black Horse responsible for Mr A entering into and paying towards an agreement he didn't need.

Overall, having considered the evidence available, I don't consider the first misrepresentation criteria has been met. It's therefore not necessary to consider the second criteria. And I'm satisfied the agreement signed by Mr A was clear about the voluntary termination process. So, I don't find the agreement was mis-sold.

Lastly, I note Black Horse paid Mr A £75 compensation as an apology for the dealership's failing. As I haven't found that Black Horse made an error here, I don't think it needs to pay anything more.

### **My final decision**

For the reasons explained, my final decision is I don't uphold Mr A's complaint about Black Horse Limited trading as Land Rover Financial Services.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 31 December 2025.

Nicola Bastin  
**Ombudsman**