

The complaint

Mr S is unhappy with the van he acquired under the hire purchase agreement with Black Horse Limited (BH).

When I refer to what Mr S and BH have said or did, it should also be taken to include things said or done on their behalf.

And when I refer to the word 'van', 'car' and/or 'vehicle' these should be understood to have the same meaning.

What happened

In June 2022 Mr S entered into a hire purchase agreement with BH to acquire a van first registered in March 2018. At the time of acquisition, the van had travelled around 12,856 miles, as per the finance agreement. The total cash price was around £54,995. There was a deposit/part exchange of about £14,995. There were 120 monthly repayments of about £487.

Mr S said that in May 2024 he arranged to sell the van he acquired in June 2022, but his buyer did not go through with the sale because the van had a mileage discrepancy and was an ex-hire van. Upon further investigation, Mr S said he discovered that the van started out new as a hire van, and in August 2019 the mileage was recorded as approximately 34,000 miles. Mr S said he was not made aware of these issues when he acquired the van, despite asking at the time. Mr S said he would not have bought the van, had he been made aware of this information. Mr S said the van was sold at a highly inflated price due to the low mileage being falsely presented, and the undesirable history of the van being a former hire van being undisclosed. He said both of these facts significantly affect the value of the van. Mr S said that when he first enquired with the supplying dealership if they did a Hire Purchase Information (HPI) check when they acquired the van, they told him they have not. Mr S said it will be difficult now for him to sell the van and he would not have been in this situation had the supplying dealership and BH done their due diligence at the time of acquisition. In summary, he feels the van was mis-sold to him and he wants to reject it.

In September 2024, BH wrote to Mr S and said that the 34,625 miles was reported by BVRLA in August 2019, which is before the van was purchased at an auction by another dealer on 28 August 2019. It was then converted by that dealer and then sold and transferred onto private numberplate in February 2020. They said they contacted the BVRLA, requesting a copy of the records showing the mileage at the higher 34,625 figure, but this mileage was not reported by the BVRLA, as any of their members doing so would show as the BVRLA on the register. As such, BVRLA had no way of establishing who recorded the higher mileage. BH said they contacted the supplying dealership and requested a service history review. The supplying dealership confirmed there was no service or repair history recorded from the date of first registration in June 2018 and when the van was sold to the other dealer at an auction on 28 August 2019. Given this information, BH said this supports that the lower mileage is correct if the van did not need a service or a repair in those 15 months. They said the first service on file for a manufacturer repair was dated 14 March 2020, when the mileage was recorded as 7,225 miles. Also, they

said that after completing the service, they assume the manufacturing dealer would be accessing the ECU to reset the service light and had no concerns the mileage was incorrect based on this activity.

BH said that between 19 and 28 August 2019 the van was with the auction, so they requested a copy of the sale and supporting documentation. However, this was declined because they were not the buyer. So on 10 June 2024 they contacted the dealer who was the buyer, but the dealer in question could not provide any documents as they moved to a new software system. However, they did confirm by email that the van's mileage was below 7,000 miles when they purchased it on 28 August 2019. BH also said that they asked the dealer to contact the auction as the buyer to obtain copies of any supporting Hire Purchase Information (HPI) documents or records of mileage for them, but no reply or update has been received as of yet.

In that correspondence to Mr S, BH also said they were not aware of the van being an ex-lease van and they have not obtained any documents that support the claim that it was ever owned as a commercial van that was used for self-drive hire. They said that typically, self-drive hire commercial vans will have significantly higher mileage than 34,625 on them when sold.

They also said that due to data protection legislation they are unable to identify the first owner of the van in question and have no way of knowing whether any of the previous owners purchased the van on a personal contract purchase, hire purchase or lease purchase agreements, but this would have no bearing on the van's value. They said they always complete HPI searches which notify them of any adverse history, for example outstanding finance, previously written off records, and the number of owners etc. They said, at the time of acquisition they do not have to disclose if a van was an ex-rental.

BH also quoted the MOT history and overall, they said that they believe the mileage discrepancy has been caused by someone incorrectly entering this as an admin error. As such, they do not see any mileage concern with the van in question. They said they hold no control over the mileage register and would direct Mr S to try and get this rectified. Therefore, they said they hold no liability for an admin error caused by a third party and are not upholding his complaint.

Unhappy with the above, Mr S referred his complaint to the Financial Ombudsman Service (Financial Ombudsman).

Our investigator looked at Mr S's complaint and was of the opinion the complaint should not be upheld. The investigator believed that the van was not mis-sold to Mr S.

Mr S disagreed with the investigator. So, the complaint has been passed to me to decide.

After reviewing the case, I issued a provisional decision on 1 September 2025. In the provisional decision I said:

“What I’ve provisionally 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.

Where evidence is unclear or in dispute, I reach my findings on the balance of probabilities – which is to say, what I consider most likely to have happened based on the evidence available and the surrounding circumstances.

I am very aware I have summarised this complaint very briefly, in less detail than has been provided, and largely in my own words. No discourtesy is intended by this. If there is something I have not mentioned, I have not ignored it. I have not commented on every individual detail. But I have focussed on those that are central to me, reaching what I think is the right outcome. This reflects the informal nature of our service as a free alternative to the courts.

Mr S acquired the van under a hire purchase agreement. This is a regulated consumer credit agreement and therefore this service is able to look into complaints about it. I have also taken into account Section 56 (S56) of the Consumer Credit Act (1974), which explains that finance providers are liable for what they say and for what is said by a credit broker or a supplier before the consumer enters into the credit agreement.

First, I thought whether the supplying dealership and/or BH were aware that the van had a mileage discrepancy.

It could be that the mileage discrepancy has been caused by someone incorrectly entering this as an admin error, but it is not in dispute that the van now has a mileage discrepancy registered on its mileage record and that this can be seen when a full HPI check is completed.

I have seen the HPI checks which were completed by the supplying dealership and the ones that were completed by BH before the van was supplied to Mr S. On the HPI check done by the dealership, I can see that they never completed a mileage check. Also, it seems that the check that BH did not look at mileage history. BH have told us that their computer system has a direct link to check the status of the van and, once the registration number is inputted into their system, an automatic check is carried out recording any information in their underwriting comments. They said Mr S's financing application was approved, as this search did not flag any concerns that are outside of their normal underwriting criteria, which aim to establish whether the van has been subject to an insurance claim, has previously been stolen, exported, is subject to current hire purchase finance, and whether it has been subject to a previous plate change. So, it seems that BH check looked at a variety of things but also did not look at the mileage history of the van.

As such it seems that neither the supplying dealership nor BH were aware of the fact that there was a mileage discrepancy. So, I have considered if they needed to take reasonable precautions and exercise due diligence by conducting a mileage check on the van before it was acquired by Mr S.

When considering this, I kept in mind the 'Car traders and consumer law Guidance for businesses on the consumer law surrounding car sales' which was produced as part of a business advice project by the Department for Business and Trade and the Chartered Trading Standards Institute. This guidance explains how van traders and other businesses in that field, should act to comply with legislation that is relevant to their industry. Among other, this guidance considers such legislation as: the Consumer Protection from Unfair Trading Regulations 2008, the Consumer Rights Act 2015, and the Consumer Contracts (Information, Cancellation and Additional Charges) Regulations 2013. The guidance explains that van traders, and businesses in that field, should avoid misleading actions or omissions and poor or unfair business practices. More specifically, it states that businesses should not give insufficient information to consumers and should not fail to disclose the existence of adverse information.

The guidance also explains that in most circumstances, traders, as a best practice should take all reasonable steps to establish the accuracy of the stated mileage. And the guide

explains that in most circumstances they should conduct a mileage check on a van with an independent and reliable company.

I was not present at the time of acquisition, so I do not know what exact conversations were had or what was said. As such, misrepresentation might not have been fully made out in this case, but bearing in mind the above and the specific circumstances of this case, I think it would have been fair and reasonable for the supplying dealership to have done more checks on the mileage of the car. As this has not been done, I think BH needs to take some action to address these shortcomings. This is because, as I mentioned above, S56 states that finance providers are liable for what they say and for what is said by a credit broker or a supplier before a consumer enters into a credit agreement.

I think had the supplying dealership told Mr S about the mileage discrepancy, most likely, he would not have acquired the van. So, I think BH should end the hire purchase agreement with nothing further to pay and collect the van from wherever it is located at no cost to Mr S. Any adverse information should be removed from Mr S's credit file and the credit agreement should be marked as settled in full on his credit file, or something similar, and should not show as a voluntary termination.

Mr S has been able to use the van during the time he had it, so it is only fair and reasonable, in the specific circumstances of this case, that he pays for this use. So, BH can keep the monthly repayments made up to the point when they collect the van.

BH should also refund Mr S the £14,995 deposit.

They should refund Mr S any amounts he paid for HPI checks, as he would not have incurred these costs had he been informed about the mileage discrepancy. These should be refunded upon Mr S providing proof of payment.

BH should also add interest to the refunded amounts from the date of each payment until the date of settlement. Interest should be calculated at 8% simple per year.

I know that Mr S has mentioned that this situation had an impact on him. And, I have considered that this matter has caused him a lot of distress and inconvenience while trying to resolve it. Mr S has explained, how this has caused him a lot of stress and anxiety, and he spent a significant amount of time trying to resolve this issue. So, I think BH should pay him £200 in compensation to reflect the distress and inconvenience caused.

I know that Mr S also mentioned that the van might have been potentially used as a rental and that this should also have been disclosed to him at the time of acquisition. BH has questioned whether the van was potentially used as a rental. However, I do not think I need to decide this, as even if I agreed with Mr S on this aspect, the redress to this complaint would not have been impacted.

My provisional decision

For the reasons given above, I intend to uphold this complaint and direct Black Horse Limited, to:

- 1. End the hire purchase agreement with nothing further to pay and to collect the van from wherever it is located at no cost to Mr S;*
- 2. BH can keep all monthly repayments which have been set up originally, up until the time when they collect the van;*
- 3. Refund Mr S the £14,995 deposit;*

4. *Refund Mr S any amount he paid for HPI checks (these should be refunded upon Mr S providing proof of payment);*
5. *Add 8% simple interest per year to all refunded amounts, from the date of each payment to the date of settlement;*
6. *Pay Mr S £200 compensation;*
7. *Remove any adverse information recorded on Mr S's credit file in relation to this credit agreement. And the credit agreement should be marked as settled in full on his credit file, or something similar, and should not show as voluntary termination.*

If Black Horse Limited considers that tax should be deducted from the interest element of my award, they should provide Mr S with a certificate showing how much they have taken off so he can reclaim that amount, if he is eligible to do so."

I asked both parties to provide me with any additional comments or information they would like me to consider by 15 September 2025.

Following the provisional decision Mr S has said that he originally tried to sell the van in May 2024, which is when this issue came to light. This was because he was starting to find it hard to meet the monthly payments and also decided to sell his house, so he needed to free up some funds to get the house ready for sale plus start to save for potentially larger mortgage payments. Mr S said that since the original buyer of the van did not complete the sale due to the mileage discrepancy issues, he had to continue making the monthly finance payments to BH, something he said he had not budgeted for, and this was putting an increasingly larger financial strain on his monthly outgoings. As such recently, Mr S managed to find a dealer who was willing to buy the van from him after doing their own checks and due diligence. Mr S also told us that he recently took out a loan to pay off his debts and he was not managing to keep up with paying for the van. He said the whole situation has been a huge struggle on him and his family every month since May 2024, when he originally tried to sell the van. As such, he said, this was the reason he continued to pursue avenues to sell the van, so it did not get to the point that he had to choose between paying the monthly finance payments or his mortgage. To evidence the sale, Mr S forwarded the bill of sale (also sent to BH) for the van that was eventually sold on 4 July 2025. As part of the settlement of the finance agreement, an amount of £707.49 was paid to Mr S by the dealer, after the finance on the van with BH was cleared.

With the above in mind, on 8 September 2025 I wrote to both parties and said I would like to clarify that I think the redress stated in my provisional decision needs to change.

In that correspondence I wrote:

"I considered what Mr S said and I still think that had the supplying dealership told Mr S about the mileage discrepancy, most likely, he would not have acquired the van. I also think that considering Mr S's situation and how long he was waiting for BH to put things right for him, I do not think it was unreasonable for him to try and mitigate his losses when he recently sold the van. So, I think BH needs to take steps to put things right for Mr S.

As such, I think for the reasons given in my provisional decision and above, I intend to uphold this complaint and direct Black Horse Limited (BH), to:

1. *Keep all monthly repayments which have been set up originally, up until the time when Mr S sold the van;*
2. *Refund Mr S the £14,995 deposit minus the £707.49 that Mr S was paid by the dealer who purchased the van;*
3. *Refund £19.99 the amount Mr S paid for HPI checks;*

4. *Add 8% simple interest per year to all refunded amounts, from the date of each payment to the date of settlement;*
5. *Pay Mr S £200 compensation;*
6. *Remove any adverse information recorded on Mr S's credit file in relation to this credit agreement. And the credit agreement should be marked as settled in full on his credit file, or something similar, and should not show as voluntary termination.*

If Black Horse Limited considers that tax should be deducted from the interest element of my award, they should provide Mr S with a certificate showing how much they have taken off so he can reclaim that amount, if he is eligible to do so."

Following the above I asked both parties to provide me with any additional comments or information they would like me to consider by 22 September 2025.

Mr S replied and said he had no further information to report and he was happy with the resolution proposed.

BH did not provide any further information.

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 and considering neither Mr S nor BH had any further information or comments to make, I see no reason to reach a different conclusion to what I reached in my provisional decision (copied above) and in my follow up correspondence to both parties on 8 September 2025.

My final decision

For the reasons given above, and in my provisional decision, I uphold this complaint and direct Black Horse Limited (BH), to:

1. Keep all monthly repayments which have been set up originally, up until the time when Mr S sold the van;
2. Refund Mr S the £14,995 deposit minus the £707.49 that Mr S was paid by the dealer who purchased the van;
3. Refund £19.99 the amount Mr S paid for HPI checks;
4. Add 8% simple interest per year to all refunded amounts, from the date of each payment to the date of settlement;
5. Pay Mr S £200 compensation;
6. Remove any adverse information recorded on Mr S's credit file in relation to this credit agreement. And the credit agreement should be marked as settled in full on his credit file, or something similar, and should not show as voluntary termination.

If Black Horse Limited considers that tax should be deducted from the interest element of my award, they should provide Mr S with a certificate showing how much they have taken off so he can reclaim that amount, if he is eligible to do so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 21 October 2025.

Mike Kozbial

Ombudsman