

## **The complaint**

Mrs R complains that a finance agreement she has with Black Horse Ltd (Black Horse) was mis-sold to her.

## **What happened**

Mrs R took receipt of a used car in May 2023. She financed the deal through a hire purchase agreement with Black Horse.

She later enquired about Voluntarily Terminating (VT) the agreement. She says she was led to believe that she could do so once 50% of the whole balance was paid. But the VT quote was higher than she expected as Black Horse explained she also needed to clear the part exchange shortfall in addition to paying 50% of the total balance.

She complained to Black Horse but when they said they'd calculated the VT correctly she referred her complaint to this service. Our investigator didn't think Black Horse had done anything wrong, but Mrs R disagreed. She said the dealership had advised her this was the best process for clearing negative equity and that she'd been mis-sold. She explained that she wouldn't have proceeded if she'd known.

## **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 agree with the investigator's view of this complaint and for broadly the same reasons. I'll explain why.

Where the information I've got is incomplete, unclear, or contradictory, as some of it is here, I have to base my decision on the balance of probabilities.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point, it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

Mrs R acquired her car under a regulated consumer credit agreement and as a result our service is able to look into complaints about it.

Misrepresentation is, in very broad terms, a statement of law or of existing fact, made by one party to a contract to the other, which is untrue, and which materially influenced the other party to enter into the contract.

Section 56 of the Consumer Credit Act (1974) 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 takes out the credit agreement. So, if the dealership or broker told Mrs R something that was

untrue and if that led her to enter into a contract that she wouldn't otherwise have entered into, I may think the agreement had been misrepresented and ask Black Horse to take some action.

I don't think I have sufficient evidence to suggest Mrs R was given false information as the agreement properly explains her rights under section 99-100 of the Consumer Credit Act (1974) to voluntarily terminate the agreement once she's paid 50% of the total amount payable.

Section A8 of the finance agreement explains that to terminate the agreement early the sum is half the amount payable under the agreement and:

*"you will also need to pay the outstanding balance for any Insurance Products and or Extras listed in A4"*

In A4 the agreement lists the part exchange shortfall that was applied and the interest attracted on that shortfall. But that shortfall didn't qualify for the 50% reduction as it was a debt Mrs R carried over from her previous agreement; some payments had been made towards that debt and had been deducted by Black Horse, but they didn't need to half the balance as the initial debt wasn't theirs.

I'm not therefore persuaded that Black Horse did anything wrong here.

### **My final decision**

For the reasons I've given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R to accept or reject my decision before 5 December 2025.

Phillip McMahon  
**Ombudsman**