

The complaint

Mr B complains about the quality of a vehicle he acquired through a hire purchase agreement financed by Black Horse Limited (BH).

What happened

In November 2020 Mr B acquired a new motorhome through a hire purchase agreement financed by BH. The cash price of the motorhome was around £97,000 and Mr B paid a deposit of just over £12,000.

In April 2021 the gearbox lost drive and was repaired. In June 2021 the gearbox failed again and was replaced. BH upheld a complaint made by Mr B about the quality of the vehicle.

In June 2024 Mr B took the vehicle to a garage to investigate a noise from the engine. Mr B received a quote for £2,870.81 to replace a damaged flywheel, and he complained to BH about the quality of the vehicle.

In July 2024 Mr B told BH that he wanted to reject the vehicle, as there were no timescales on when parts would be available for repair.

BH sent Mr B their final response to his complaint in August 2024. They said the flywheel fault was an unlucky circumstance and there was no evidence of a manufacturing defect. They said there'd been no evidence of a pending failure when previous repairs were completed, and as it'd been 44 months since Mr B acquired the vehicle, they didn't think it was of unsatisfactory quality at the time it was supplied, so they didn't uphold Mr B's complaint. BH said they'd consider any diagnostics Mr B wanted to provide.

In late August 2024 Mr B instructed an independent report which stated that the fault was because of metal fatigue and was highly likely to be a manufacturing defect. The report set out that there were no issues with the previous repair that'd been completed, the part wasn't subject to normal wear and tear, and should last upwards of 120,000 miles, so had failed prematurely at around 7,000 miles.

Mr B instructed a representative to act on his behalf, and they wrote to BH in September 2024 supplying the independent report and asking BH to reconsider their decision. They said Mr B wanted to exercise his right to reject the vehicle. They also asked for a return of Mr B's deposit, a 50% refund of his payments for the last 22 months and up until the agreement was unwound, refunds for work Mr B had completed in upgrading the vehicle, a refund for the expert report, compensation and legal costs.

In mid-October 2024 Mr B paid for the repairs to be completed by the garage that had diagnosed the fault.

In November 2024 BH sent Mr B their second final response to his complaint. They accepted the vehicle was of unsatisfactory quality when it was supplied to Mr B, but they said he'd received a remedy for this when he authorised the repairs as the vehicle had been returned to a satisfactory condition. So, they didn't consider Mr B's request to reject the vehicle. They

said they'd refund the cost of the repair, plus Mr B's travel costs and inspection report on receipt of evidence of the cost. They offered Mr B £250 compensation and said they wouldn't pay his legal fees.

Unhappy with this response, Mr B's representative brought his complaint to this service for investigation. They said BH had upheld Mr B's complaint but hadn't refunded his costs or allowed him to reject the vehicle.

Our investigator gave their view that the vehicle was of unsatisfactory quality when it was supplied to Mr B, but they thought BH had done enough to put things right. They thought it was reasonable for BH to have asked for a report given the time since the vehicle had been supplied. They said that Mr B had authorised repairs to the vehicle, so it was reasonable of BH to offer to refund these costs, plus the cost of the independent report, travel expenses and any additional costs such as the impact of the time Mr B was without the vehicle. They didn't ask BH to do anything more.

Mr B's representative didn't agree. They said, in summary, that BH's decision not to uphold Mr B's complaint initially led him to believe he had no recourse, and so he proceeded with the repair, which he wouldn't have done otherwise. They said even if BH had agreed to repair the vehicle they'd have been unable to do so within a reasonable time because of the delay in parts and so Mr B would've been allowed his final right to reject in any event.

Our investigator gave their view that they thought BH were reasonable to request a report, and Mr B did provide this, which BH then considered as they'd said they would. Our investigator thought that Mr B was aware he had recourse because he'd submitted the report to BH. He then paid for the repairs after this, which effects his request to reject the vehicle. Ultimately, our investigator didn't ask BH to do anything further.

Mr B's representative didn't agree. They said BH hadn't properly investigated Mr B's complaint in asking him to provide a report, and Mr B had been misled by BH's final response in August 2024 and so went ahead with repairs under false pretences. Mr B's representative also noted a number of quality issues with the vehicle that hadn't been addressed when BH dealt with the complaint.

Mr B has since told this service that he felt he had to pay for the repairs, because BH had previously told him they wouldn't help, and he was being chased for the payment. I issued a provisional decision on this complaint in August 2025 recommending that it was upheld. I made the following provisional findings:

In considering what's fair and reasonable, I need to have regard to the relevant law and regulations. The agreement in this case is a regulated conditional sale agreement – so we can consider a complaint relating to it. BH as the supplier of the goods under this type of agreement is responsible for a complaint about their quality.

The Consumer Rights Act 2015 (CRA) is relevant to this complaint. It says that under a contract to supply goods, there is an implied term that the "quality of the goods is satisfactory"

To be considered "satisfactory" the goods would need to meet the standard that a reasonable person would consider satisfactory – taking into account any description of the goods, the price and other relevant factors. Those factors, in the case of a car purchase, will include things like the age and mileage of the car at the time of sale, and the car's history. The quality of the goods includes their general condition and other things like their fitness for purpose, appearance and finish, safety and durability.

Here the motorhome was acquired new with a cash price of around £97,000. With this in mind, I think it's fair to say that a reasonable person would expect the vehicle to be free from even minor defects for a considerable period of time.

It's not in dispute that the failure of the flywheel in June 2024 made the vehicle of unsatisfactory quality. The independent inspection report concludes that the flywheel failed prematurely at around 7,000 miles, so I'm satisfied, based on the evidence, that the flywheel did fail prematurely, and so the vehicle wasn't reasonably durable at the time it was supplied to Mr B. BH accepted this in their second final response to Mr B, so I haven't considered this point any further.

What I need to decide is what, if anything, BH need to do to put things right. BH have offered to refund the repair costs that Mr B paid, along with compensation. Mr B has asked to exercise his final right to reject the vehicle.

The CRA sets out that a consumer may exercise their final right to reject a vehicle if, after one repair or replacement, the goods don't conform to the contract. BH had an opportunity to return the goods to a satisfactory condition when the repairs were undertaken in 2021, and the goods were found not to conform to the contract, that is they were of unsatisfactory quality, following the fault in July 2024. So, I'm satisfied that at this point, Mr B was entitled to his final right to reject the vehicle, and he did try to exercise this right when he asked BH to reject in July 2024.

BH didn't uphold Mr B's complaint initially. They told Mr B there was no evidence the goods were of unsatisfactory quality, but said they'd consider any diagnostic Mr B wanted to provide. Mr B said this was why he thought he had no recourse and went ahead with repairs. BH said Mr B didn't act in the manner of a person wanting to reject the goods.

I've thought carefully about this, and whilst I don't think it was unreasonable for BH to have asked Mr B to provide a report on the fault, I think there was enough evidence at the time that they ought to have investigated further, rather than conclude that the goods were satisfactory and decline Mr B's complaint. I say this because the quote that Mr B provided showed a failure of a part – the flywheel – that wouldn't usually be expected to fail as a result of normal wear to a vehicle. Taking this and the vehicle's age and mileage into account, along with the knowledge that the vehicle had been repaired previously for a fault in the same kind of area, and that the fault was serious enough that Mr B couldn't use the vehicle, I think BH ought reasonably to have concluded that further investigation was needed before they could determine the satisfactory quality of the goods. BH noted in their final response that the failure was sudden and with no apparent cause. So, I'm satisfied that they had some idea that the fault may relate to the durability of the vehicle.

It's impossible to know what Mr B would've done had BH investigated further, even if this was to ask Mr B for a report, rather than declining his complaint. But as Mr B had already asked to reject the vehicle, I'm satisfied that, on the balance of probabilities, Mr B would've asked for the vehicle not to be repaired until this investigation was complete.

BH supplied Mr B with a vehicle that was of unsatisfactory quality, and he asked to reject it after one attempt at repair had been made. I think it was reasonable for Mr B to go ahead with repairs for the reasons I've outlined above, but I don't think this stops him from being able to exercise his right to reject the vehicle now.

Mr B responded to my provisional decision to accept it.

BH responded to my provisional decision to say that when Mr B first raised his complaint with them, his preferred resolution was to have the vehicle repaired. He then proceeded to

pay for those repairs and collect the vehicle before the complaint resolution had been communicated to him, which indicates that he did not want to pursue rejection as a remedy.

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've thought about the additional comments that BH have provided. Mr B raised his complaint in June 2024, and I can see that he asked for the vehicle to be repaired. But he then asked to reject the vehicle in July 2024 when there was no timescale for the parts required for the repair, and this was before BH's first final response to Mr B. So, I'm not persuaded that Mr B continued to want the vehicle repaired and I think it's clear that Mr B was considering rejection as a remedy prior to BH's first final response.

BH said that Mr B paid for repairs and collected the vehicle prior to the complaint communication being issued.

For the reasons I've set out above, I remain persuaded that BH ought to have investigated further, rather than conclude that the goods were satisfactory and decline Mr B's complaint in August 2024. And for the reasons I've outlined above I think it was reasonable for Mr B to go ahead with repairs before BH's second final response, and I don't think this stops him from being able to exercise his right to reject the vehicle now. So, I'm satisfied that Mr B is entitled to his final right to reject the vehicle.

Putting things right

BH should end the agreement, collect the vehicle, and refund Mr B's deposit of £12,319.15, plus interest.

Mr B paid to have the vehicle repaired and will not now benefit from these repairs. However, BH will benefit as they'll receive their asset back repaired rather than in its faulty state. So, I find that BH should refund Mr B £2,870.81 for the repairs to the flywheel, plus interest.

Mr B asked for a refund of the cost of other work he'd had done to the vehicle, some of which appears to be upgrading it. I'm satisfied that Mr B has had some benefit from this work, and so I'm not asking BH to refund these costs.

Mr B was unable to use the vehicle from the time of the fault until the time of the repair. So, BH should refund all monthly payments made by Mr B from 6 June 2024 to 11 October 2024, plus interest.

Mr B paid to have the vehicle inspected, which evidenced that it was of unsatisfactory quality at the time it was supplied to him, and so BH should refund the cost of this report upon receipt of evidence of payment from Mr B, plus interest.

Mr B has provided evidence of travel expenses in facilitating repairs, which wouldn't have been required but for the vehicle being of unsatisfactory quality at the time it was supplied, and so BH should refund him £61 for these, plus interest.

Mr B has been put to distress and inconvenience in being supplied with a vehicle that wasn't of satisfactory quality. He's had to spend time having the faults diagnosed and repaired and providing expert reports. BH offered Mr B £250 compensation to reflect this. All things considered, I think £250 fairly reflects the distress and inconvenience caused to Mr B.

Mr B has asked for his legal fees to be refunded. I've considered this carefully, but I'm satisfied that Mr B was able to complain to BH and could've submitted his report to them as requested and brought his complaint to this service free of charge. So, I'm not asking BH to pay his legal fees.

My final decision

My final decision is that I uphold this complaint, and Black Horse Limited must:

- End the agreement ensuring that Mr B is not liable for monthly rentals after the point of collection. (It should refund any overpayment if applicable)
- Take the vehicle back without charging for collection
- Refund Mr B's deposit of £12,319.15 plus 8% simple interest from the date of payment to the date of refund. (If any part of this deposit is made up of funds paid through a dealer contribution, BH is entitled to retain that proportion of the deposit.)
- Refund Mr B £2,870.81 for the repairs plus 8% simple interest from the date of payment to the date of refund
- Refund monthly payments made by Mr B when he was unable to use the vehicle from 6 June 2024 to 11 October 2024 plus 8% simple interest from the date of payment to the date of refund
- Refund Mr B's travel expenses of £61 plus 8% simple interest from the date of payment to the date of refund
- Refund the cost of the expert report upon receipt of evidence of payment from Mr B plus 8% simple interest from the date of payment to the date of refund
- Pay Mr B £250 compensation to reflect the distress and inconvenience caused

If BH considers that it's required by HM Revenue & Customs to withhold income tax from the interest part of my award, it should tell Mr B how much it's taken off. It should also give Mr B a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 23 October 2025.

Zoe Merriman
Ombudsman