DRN-5845062

The complaint

Dr D is unhappy that a car supplied to her under a hire purchase agreement with Black Horse Limited trading as Land Rover Financial Services was of an unsatisfactory quality.

What happened

In October 2021, Dr D was supplied with a used car through a hire purchase agreement with Black Horse. She paid a £7,508 deposit and the agreement was for £38,942 over 49 months; with 48 monthly payments of £636.54 and a final payment of £19,751. At the time of supply, the car was around six months old and had done 6,620 miles (according to the agreement).

Dr D received a letter from the car's manufacturer dated 27 July 2022 stating that some customers had reported problems with the auxiliary drive belt, leading to issues charging the battery. The manufacturer also said that they could replace the necessary components in Dr D's car at no charge. There is no evidence to show that Dr D contacted the manufacturer to have this work done.

The car broke down on 5 January 2023 when it had done 29,497 miles. It was found that the auxiliary belt had snapped, and the battery was flat. This was repaired by the supplying dealership and the car returned to Dr D. The car broke down again on 2 November 2023, at 47,788 miles, due to an issue with the auxiliary belt tensioners not charging the battery. This was again repaired by the supplying dealership. Dr D said that, at this point, she asked to be able to reject the car, but she was told this wasn't possible.

Dr D has said that the car hasn't been used since 24 June 2024, as a low battery charge warning came up while she was driving on a motorway, and her subsequent swerving onto the hard shoulder in case the engine cut out resulted in a wheel 'exploding due to the severity of the shock'. The car has been with the supplying dealership since this incident, and Dr D believes it's no longer safe to drive.

Black Horse didn't uphold Dr D's complaint about the quality of the car supplied to her. They said that she'd had the car for more than six months when it first broke down, and she hadn't provided any evidence to show the car wasn't of a satisfactory quality when it was supplied. Unhappy with this, Dr D brought her complaint to the Financial Ombudsman Service for investigation.

Our investigator was satisfied there was a fault with the auxiliary belt in the car supplied to Dr D. While there hadn't been an independent inspection, the investigator said this was a known issue with the car and that the car wasn't sufficiently durable – there is a reasonable expectation that the auxiliary belt would last more than 30,000 miles. So, this made the car of an unsatisfactory quality at the point of supply.

As Black Horse had already had the opportunity to repair the car, and this repair had failed, the investigator said that Dr D should now be allowed to reject the car, receiving a refund of the deposit she paid, as well as a refund to cover any loss of use or impaired usage, plus £350 compensation for what had happened.

Black Horse raised the issue of the damage to the car when Dr D left it at the dealership, and that the cost of repairing this would be Dr D's liability. They also said that Dr D hadn't serviced the car in line with the requirements of the agreement, and she had exceeded the mileage allowed under the agreement. So, they didn't agree it was fair to allow Dr D to reject the car.

I issued a provisional decision on 14 October 2025, where I explained my intention to uphold the complaint. In that decision I said:

If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome. 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 had regard to 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. Dr D was supplied with a car under a hire purchase agreement. This is a regulated consumer credit agreement which means we're able to investigate complaints about it.

The Consumer Rights Act 2015 ('CRA') says, amongst other things, that the car should've been of a satisfactory quality when supplied. And if it wasn't, as the supplier of goods, Black Horse are responsible. What's satisfactory is determined by things such as what a reasonable person would consider satisfactory given the price, description, and other relevant circumstances. In a case like this, this would include things like the age and mileage at the time of sale, and the vehicle's history and its durability. Durability means that the components of the car must last a reasonable amount of time.

The CRA also implies that goods must confirm to contract within the first six months. So, where a fault is identified within the first six months, it's assumed the fault was present when the car was supplied, unless Black Horse can show otherwise. So, if I thought the car was faulty when Dr D took possession of it, or that the car wasn't sufficiently durable, and this made the car not of a satisfactory quality, it'd be fair and reasonable to ask Black Horse to put this right.

Before I explain why I've reached my decision, I think it's extremely important for me to set out exactly what I've been able to consider here. From reviewing the comments made by both parties after the investigator issued their opinion, I've seen that the issues of excess mileage and damage to the car that falls outside normal fair wear and tear have been raised.

While Black Horse are able to apply any charges relating to damage or excess mileage, in line with the terms and conditions of the agreement Dr D signed, this can only be done once rejection has been accepted. If Black Horse then choose to apply any charges, and Dr D disagrees with them, she would need to raise this as a separate complaint with Black Horse. And only if they are unable to agree a resolution would we be able to become involved – our rules don't allow us to consider a complaint unless a financial business has had the opportunity to deal with it first.

So, as this is a potential future event that, if it occurs, Black Horse have the right to attempt to resolve before we can become involved, this is not something I can consider within this decision.

Dr D maintains the car supplied to her by Black Horse has a serious safety fault. I've seen the letter the manufacturer sent to Dr D on 27 July 2022 about a "Customer Satisfaction

Programme free of charge to owners of certain 2021 to 2023 [models of the car supplied to Dr D]." This letter goes on to explain that "some customers have reported that their accessory drive belt has become damaged or adrift, leading to an inability to charge the startup battery. If the startup battery drains, a 'Low Battery Charge' warning will be displayed on the instrument panel cluster, and the vehicle will eventually be unable to start."

While I appreciate that something like this could be considered worrying, the letter doesn't state there is a serious safety fault, and if there was such a fault present, then I would have expected the manufacturer to warn Dr D not to drive the car, asking her to arrange for the fault to be rectified as soon as possible. Instead, the letter offered Dr D the option to have the potentially faulty parts replaced at no cost – something she chose not to do.

The job cards I've seen show that, in January 2023, the auxiliary belt had snapped, leading to the battery going dead. And both of these needed replacement. This repair took place at 29,497 miles and when Dr D had been in possession of the car for around 15-months. As I've explained above, this falls outside the timeframe in which the CRA would imply the fault with the car was present or developing at the point of supply.

However, I also need to consider the durability of the car, and whether any reasonable person would expect the auxiliary belt to fail after less than 30,000 miles. And I don't think they would – the manufacturer's guidelines are that this part would be expected to last between 60,000 and 100,000 miles. I'm therefore satisfied that the auxiliary belt failed prematurely, and this lack of durability made the car of an unsatisfactory quality at the point of supply.

Section 24(5) of the CRA says "a consumer who has … the right to reject may only exercise [this] and may only do so in one of these situations – (a) after one repair or replacement, the goods do not confirm to contract." This is known as the single chance of repair. And this applies to all issues with the goods, and to all repairs i.e., it's not a single chance of repair for the dealership AND a single chance of repair for Black Horse – the first attempted repair is the single chance at repair. What's more, if a different fault arises after a previous repair, even if those faults aren't related, the single chance of repair has already happened – it's not a single chance of repair per fault.

This single chance of repair took place in January 2023 with the replacement of the auxiliary belt and battery. However, a job card dated 14 November 2023, when the car had done 47,788 miles, said "found auxiliary belt and tensioners were not charging battery. Replacement of belts and tensioners required." I'm therefore satisfied that the single chance of repair failed – the auxiliary belt repair in January 2023 lasted around 18,000 miles and less than a year before a subsequent failure.

This also satisfies me that, even if Dr D had taken the manufacturer's offer to have the auxiliary belt replaced in July 2022, this repair would've failed. There is clearly an underlying issue with the car that is causing the auxiliary belt failures. The CRA is also clear that, if the single chance at repair fails, as was the case here, then Dr D has the right of rejection. And I think rejection is the most appropriate remedy given the circumstances.

Black Horse have argued that Dr D's failure to service the car has resulted in the auxiliary belt failures, not any other underlying issue. Having reviewed the online service history for the car supplied to Dr D, I can see that the 21,000-mile service didn't take place until January 2023, and at 29,497 miles, and was done at the same time as the auxiliary belt failure. What's more, the 42,000-mile service hasn't been done, even though the car has now done in excess of 50,000 miles.

Black Horse have provided comments from the supplying dealership that say that regular servicing would've identified any issues with the auxiliary belt, so repairs could've taken place before the car broke down. While this may have been the case, the fact that repairs may have been needed is in itself indicative that there may be an underlying issue. And, if the auxiliary belt problems could be resolved by regular servicing, then I would've expected the manufacturer's letter of July 2022 to have stated this as a resolution for any problems, and not the need to replace parts.

What's more, I haven't seen anything, for example an opinion from an independent engineer, that backs up the claim that the issues with the car are due to a lack of servicing – as the car has been in the possession of the supplying dealership for more than a year, they have had ample opportunity to arrange for such a report.

As such, I'm not satisfied that the lack of servicing is the root cause of the issues with the car, so this doesn't change my view on rejection. However, the lack of servicing may be something that's chargeable under the British Vehicle Rental and Leasing Association's fair wear and tear guidelines and/or the agreement Dr D had with Black Horse. And, if that is the case, Black Horse would be reasonable to charge for this.

In their opinion, the investigator said that, upon rejecting the car, Dr D should receive a refund of the deposit she paid. Which I agree with. The investigator also said that Dr D should receive an additional refund for her loss of use, or impaired usage, of the car. However, this amount, or the period it covered, wasn't specified. And it's for this reason I need to issue a provisional decision – so both parties know what we expect Black Horse to refund and have the opportunity to comment on this before any decision is made final.

Up until the breakdown in June 2024, Dr D was able to use the car while it was in her possession. And while it was being repaired, she was also provided with a courtesy car to keep her mobile. Because of this, I think it's only fair that she pays for this usage. So, I won't be asking Black Horse to refund any of the payments she's made before June 2024.

However, the car has been off the road and undrivable since 24 June 2024. And, since that date, Dr D hasn't been provided with a courtesy car. As such, she was required to make payments for goods she was unable to use. As, for the reasons already stated, I'm satisfied the car was off the road due to it being of an unsatisfactory quality when it was supplied, and as Black Horse failed to keep Dr D mobile; I'm satisfied they should refund the payments she's made from July 2024 onwards.

Finally, I think Dr D should be compensated for the distress and inconvenience she's been caused. But crucially, this compensation must be fair and reasonable to both parties, falling in line with our service's approach to awards of this nature, which is set out clearly on our website and so, is publicly available.

I've considered Dr D's comments about how this situation has affected her and her children, especially with the need to drive a car that has serious safety faults. However, for the reasons I've explained above, I don't agree the car had serious safety faults, and if it did, I don't think Dr D would've driven the car for around 50,000 miles between October 2021 and June 2024.

What's more, while I appreciate that Dr D's children would've been impacted by being in a car that has broken down, I'm only able to consider the direct impact on Black Horse's customer – in this case Dr D. I'm unable to consider the impact on any other person as they weren't party to the agreement Dr D signed in 2021.

I note our investigator also recommended Black Horse pay Dr D £350 to recognise the distress and inconvenience she's been caused. Having considered this recommendation, I think it's a fair one that falls in line with our service's approach and what I would've directed, had it not already been put forward.

I think this is significant enough to recognise the worry and upset Dr D would've felt by having the car break down on two occasions, and display a linked warning message on one occasion, over a period of nearly three years. But I also think it fairly reflects the use Dr D was able to get out of the car. So, this is a payment I intend to ask Black Horse to make

Therefore, I intend to ask Black Horse to:

- *end the agreement, ensuring Dr D is not liable for any monthly payments after the point of collection (if any payments are made, these should be refunded);*
- *collect the car at no collection cost to Dr D;*
- *remove any adverse entries relating to this agreement from Dr D's credit file;*
- *refund the deposit Dr D paid (if any part of this deposit is made up of funds paid through a dealer contribution, Black Horse is entitled to retain that proportion of the deposit);*
- *refund the payments Dr D has made from July 2024 onwards;*
- *apply 8% simple yearly interest on the refunds, calculated from the date Dr D made the payments to the date of the refund[†]; and*
- *pay Dr D an additional £350 to compensate her for the trouble and inconvenience caused by being supplied with a car that wasn't of a satisfactory quality (Black Horse must pay this compensation within 28 days of the date on which we tell them Dr D accepts my final decision. If they pay later than this date, Black Horse must also pay 8% simple yearly interest on the compensation from the deadline date for settlement to the date of payment[†]).*

[†]If HM Revenue & Customs requires Black Horse to take off tax from this interest, Black Horse must give Dr D a certificate showing how much tax they've taken off if she asks for one.

Responses

Black Horse said that, while they were disappointed with my provisional decision, they thought that Dr D had:

- failed to adhere to the manufacturer's service schedule;
- operated the car without a valid MOT;
- caused significant damage to the car; and
- breached the terms of the agreement by exceeding the agreed mileage.

As such, they confirmed that it was their intention to charge Dr D for this, in line with the terms of the agreement and her obligations.

They also said they wanted to submit additional evidence for me to consider as part of my final decision.

Dr D accepted my provisional decision but said that she had not been provided with any courtesy cars in January 2023, or June 2024. As such, she incurred additional transport costs during these periods.

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.

Black Horse have raised the issue of charges when they take back the car. As I've already explained, this does not form part of my decision. While Black Horse are entitled to charge Dr D in line with the terms of the agreement she signed, Dr D is also entitled to challenge these charges if she believes them to be unfair. We are unable to get involved in this until such time as Black Horse have had an opportunity to resolve any complaint Dr D may raise.

Dr D has also said that she wasn't provided with a courtesy car for the incidents in January 2023 or June 2024. With regards to the incident in June 2024, in my provisional decision I recognised that Dr D hadn't been provided with a courtesy car and asked Black Horse to refund the payments she made. This is to recognise Dr D was paying for goods she was unable to use and, as such, would incur additional transport costs. So, I'm satisfied I've already addressed the second incident.

Turning to when the car broke down in January 2023, Dr D has said she wasn't provided with a courtesy car between 5 and 12 January 2023. Therefore, it would also only be fair to ask Black Horse to refund Dr D the equivalent to one week's payment to cover her additional transport costs for this period.

I asked Black Horse for their comments on this. They said that they had been unable to obtain any further evidence from the manufacturer, so would not be challenging my provisional decision.

Putting things right

For the reasons stated in my provisional decision and above, I now direct Black Horse to:

- end the agreement, ensuring Dr D is not liable for any monthly payments after the point of collection (if any payments are made, these should be refunded);
- collect the car at no collection cost to Dr D;
- remove any adverse entries relating to this agreement from Dr D's credit file;
- refund the deposit Dr D paid (if any part of this deposit is made up of funds paid through a dealer contribution, Black Horse is entitled to retain that proportion of the deposit);
- refund the equivalent to the payments Dr D paid between 5 and 12 January 2023, and from 24 June 2024, to reflect that she was paying for a car she was unable to use;
- apply 8% simple yearly interest on the refunds, calculated from the dates Dr D made the payments to the date of the refund[†]; and
- pay Dr D an additional £350 to compensate her for the trouble and inconvenience caused by being supplied with a car that wasn't of a satisfactory quality (Black Horse must pay this compensation within 28 days of the date on which we tell them Dr D accepts my final decision. If they pay later than this date, Black Horse must also pay 8% simple yearly interest on the compensation from the deadline date for settlement to the date of payment[†]).

[†]If HM Revenue & Customs requires Black Horse to take off tax from this interest, they must give Dr D a certificate showing how much tax they've taken off if she asks for one.

My final decision

For the reasons explained, I uphold Dr D's complaint about Black Horse Limited trading as Land Rover Financial Services. And they are to follow my directions above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 15 December 2025.

Andrew Burford
Ombudsman