

The complaint

Mrs A complains about the quality of a car supplied by Black Horse Finance Limited ('BH').

What happened

The parties are familiar with the background details of this complaint – so I will briefly summarise them here. It reflects my role resolving disputes with minimum formality.

At the start of May 2023 Mrs A took out a hire purchase agreement for a second-hand car.

Mrs A says she has had numerous issues with the car. This includes issues with the tyre pressure which led to the tyre being overinflated and exploding, and then problems related to the engine management light.

In June 2024 BH agreed to accept rejection of the car and pay a settlement to Mrs A. However, Mrs A is not happy with the settlement and thinks that BH should pay her more.

Our investigator looked into the complaint and thought that BH had acted fairly. So Mrs A asked for an ombudsman to look at things for a final decision.

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.

While I might not comment on everything (only what I consider key) this is not meant as a discourtesy to either party – it reflects my role resolving disputes with minimum formality.

In considering what is fair and reasonable, I need to have regard to the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider to have been good industry practice at the relevant time.

The agreement in this case is a regulated consumer credit agreement. As such, this service is able to consider complaints relating to it. BH is also the supplier of the goods under this type of agreement, and responsible for a complaint about their quality.

The Consumer Rights Act 2015 is of particular relevance 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".

The Consumer Rights Act 2015 says the quality of goods are satisfactory if they meet the standard that a reasonable person would consider satisfactory taking into account any description of the goods, the price and all the other relevant circumstances. So it seems likely that in a case involving a car, the other relevant circumstances a court would take into account might include things like the age and mileage at the time of sale and the vehicle's history.

The Consumer Rights Act 2015 ('CRA from now on') says the quality of the goods includes

their general state and condition and other things like their fitness for purpose, appearance and finish, freedom from minor defects, safety, and durability can be aspects of the quality of goods.

BH supplied Mrs A with a second-hand car that was around 3.5 years old and had done around 15,500 miles at the point of supply. It is fair to say that in these circumstances a reasonable person would consider that the car had already suffered some wear and tear – and was likely to require more maintenance than a new car. However, the car was not very old and was still quite low mileage, this combined with the price of around £32,000 would set reasonably high expectations as to quality.

I note that BH has accepted that the car was not of satisfactory quality in the circumstances. So I am not going into this in detail here. However, for completeness I will comment briefly.

I am not persuaded the issue with the tyre explosion is likely due to the inherent quality of the car as supplied by BH. This appears to be an error by the dealership in reinflating the tyre and not something BH would be responsible for. It is also arguable that the issue which led to this (low tyre pressure) is something that will be expected on a car from time to time and is part of normal routine maintenance.

However, I do agree some evidence of things going wrong with the car suggest it was of unsatisfactory quality at the point of sale. Particularly, what appears to be multiple incidents of the engine management light ('EML') illuminating within a few months of supply and the car breaking down in connection with this. Therefore, I am satisfied that a breach of contract has occurred which BH is liable for remedying.

Because it seems there had been more than one attempt at repairing the car in respect of the EML issues, I understand that BH effected the following:

- Car returned to the dealer with the account settled/finance ended at no further cost
- Deposit refunded in full
- Refund of 7 monthly payments
- 8% interest on the refunded amounts
- £300 for distress and inconvenience

Neither party appears to dispute that this remedy has now taken place. On the face of it, this is in line with the remedies in the CRA (specifically the right to reject) and appears broadly fair in the circumstances here. And while I appreciate what has occurred has caused upset and inconvenience, based on the information I have here I think £300 is broadly fair to reflect that.

However, my decision here is to focus on the issues in dispute which Mrs A has identified. Namely:

- She says she is out of pocket for hire car costs; and
- the £2,500 fees she paid to a claims company (I will refer to them as 'R') whom she engaged to progress her claim against BH.

I turn to these matters separately.

Hire car costs

In considering if it is fair to refund Mrs A for hire car costs I must consider when she was unable to use the financed car due to the faults, any courtesy car she had for any period and other refunds she has received from BH to date.

Here it appears the main matter impacting Mrs A's use of the car was the later EML issue. And this meant she was unable to use the financed car from around the start of November 2023 onwards.

I understand Mrs A had a courtesy car until late January 2024. So I would not expect BH to refund her monthly payments for this period - as she was kept mobile.

It seems that broadly Mrs A had use of the financed car or a courtesy car for just under 9 months in total (from early May 2023 to late January 2024). And before the agreement was settled by return of the goods she had paid BH a total of 13 payments. So prima facie I would expect BH to have refunded Mrs A just over 4 monthly payments which she didn't benefit from due to the inherent quality issues with the car.

However, I can see here BH has refunded a total of 7 monthly rentals (£2,445.03). Which is notably more than I would have expected in the circumstances here.

Mrs A has evidenced that from around 21 January 2024 she had to hire a car herself to stay mobile. She has shown she had incurred costs of around £775 for this up until early June 2024. After which it appears the financed car was returned and the finance agreement ended in line with BH's offer of settlement.

I would not usually expect a financial business to refund monthly payments and costs for alternative transport relating to the same period. It stands to reason that Mrs A would always have had some costs for getting around, and the aim of fair redress is not to give her free transport she otherwise would not have had. So I don't consider it fair that BH pay her this amount in addition to what it has already paid. It is worth noting that even if I did think it fair, BH has already paid Mrs A around £900 more in monthly rental refunds than I would likely have recommended based on her use of the car (or a courtesy car) to date and total payments made to the agreement.

For completeness, I recognise Mrs A had some inherent problems with the financed car leading up to when she ultimately stopped using it. This would have impaired her use of it somewhat or (say when the car went to be inspected) prevented her using it. I don't have evidence to show that this was notable impairment – perhaps a few days total. However, and in any event, BH's refund of rentals would reasonably cover this - as it is more than it was fairly obliged to pay in the first instance.

R's Fees

While I understand Mrs A chose to engage the services of R to make her claim to BH, I don't think it fair that BH pays this to her as a consequential loss. I will explain.

While Mrs A attributes the involvement of R as a reason for BH agreeing to take the car back and settle I don't think there is evidence to show that it was a cost she reasonably had to incur here. Mrs A is able to claim consequential losses as a result of breach of contract but they do have to be proportionate and she must take reasonable steps to mitigate these.

It isn't clear that BH would not have eventually agreed to settle without the involvement of R. But even if it hadn't agreed Mrs A was able to escalate the matter to this service for free and obtain a decision. This would have been reasonable mitigation of these extra costs. I

disagree with Mrs A that she had no choice but to instruct R here. It follows that I don't consider it fair that BH reimburse its fees.

I am sorry to hear about the trouble Mrs A had with the car – but overall I consider that BH has acted fairly in not reimbursing the additional expenses she wants. I know Mrs A feels strongly about this and I remind Mrs A that she does not have to accept my decision and may wish to consider her options for pursuing the matter by more formal means (such as court).

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A to accept or reject my decision before 29 October 2025.

Mark Lancod
Ombudsman