

The complaint

Ms D, who is represented by her partner, complains that Black Horse Limited has not agreed to suitable recompense for a faulty car.

What happened

In December 2023 Ms D purchased a second-hand car at a cost of £9,000 funded by a deposit of £100 and the balance by a hire purchase agreement with Black Horse. It was some six years old and had covered 24,753 miles. The history of events is as follows:

- January 2024 - the car was taken to the garage and was there for a month due to parts availability, one EGR valve replaced and gasket.
- May 2024 - second EML light reported
- May 2024 car returned to garage as different EGR valve had failed
- May 2024 – Ms D paid £50 for diagnostics
- May 2024 – a further £85 paid by Ms D
- August 2024 – car was back in again for diagnostics, EGR valve repair, and interior door defect
- September 24 – removed bumper, replace distance sensor and bracket and recalibrated
- September 24 – invoice received for repair to front radar
- October 2024 – Ms D paid £36 for vehicle to be diagnosed - fault was a low pressure EGR valve
- January 25 – Black Horse contacted with a new fault, and car is non-driveable.

Black Horse has covered the costs of repairs and in August 2024 it agreed to pay Ms D an additional sum of £782.51. This was made up as follows:

- £189.59 for loss of use of the car (based on 29 days loss of use, calculated from your monthly repayment. This also attracts an additional 8% statutory interest payment.
- £88.26 for loss of enjoyment of the car whilst it was being used with an issue.
- £300 for any trouble or upset experienced, taking into account the number of issues and length of time the concerns were ongoing along with any distress or inconveniences caused.
- £50 additional as our response exceeded 8 week timescale
- £145.00 reimbursement of invoices for diagnostics

In September 24 Black Horse made a payment for £69.38 for further loss of use from 27 August to 5 September.

In January 2025 Ms D brought a complaint to this service. Black Horse reviewed their file and made the following offer:

- Uplift the vehicle at no cost to Ms D
- Upon uplift, arrange closure of the account, so Ms D will not need to pay any further rentals
- Return Ms D her deposit of £100 along with 8% statutory interest
- Refund the £36 diagnostic fee paid with 8% statutory interest
- £895.64 pro rata refund for loss of use from 15 October to 28 February inclusive, with 8% interest calculated to date of settlement. If payment for March is called for and cleared this will also be refunded.
- A further sum of £100 for stress and inconvenience caused.

This was put to Ms D's partner who said the offer did not take into account a warning light being on from September 2024, provided insufficient compensation for stress or the cost of fuel taking it to a garage on two occasions and greater use of their other car. She also said that Ms D should be compensated for the extra payments she had made compared to a PCP agreement. She subsequently said that a coil had snapped in January which had cost Ms D £180.38.

Further exchanges took part with both parties and our investigator recommended that in addition to the initial offer made by Black Horse it should pay for the repair of the coil and refund any payments made after 15 October 2024 plus interest. It was then established that the mileage as of May 2025 was 36,735 and the bank said given the use of the car it should retain 11 out of the 17 payments made to date after deducting payments already made for loss of use.

Mis D's partner didn't consider this fair and said Black Horse had at one point offered a refund of monthly payments from October 2024. Ms D had felt uncomfortable driving the car, but had to use it. She asked the coil springs repair costs be included and that the loss of use payments already paid should not be deducted. Our investigator suggested that the compensation be increased to £500. As no agreement has been reached the matter has bene referred to me.

I issued a provisional decision as follows:

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

As it has been accepted by both parties that the car should returned and the agreement unwound I will not comment on the substance of the claim. The only issue for me to decide s the structure of the recompense.

In making such a calculation one has to take into account various factors and reaching a decision is not an exact science. I have noted Black Horse has endeavoured to be as supportive as possible to Ms D and I could understand if it had taken a different approach and chosen not to offer to take the car back. That said, it has done so. The issue of recompense has been complicated by various payments being made over a period of time.

However, I think it best to look at the issue in the round and decide what is appropriate overall.

The car has been accepted as faulty and so I consider it appropriate for Black Horse to cover the costs of repairs and for diagnostic tests. I think the only payment which had not been agreed is the payment for the repair of the coil. While it could be argued this was not an inherent fault and merely due to wear and tear, in order to bring this matter to a close I propose that Black Horse cover the cost of this repair.

When a car is returned it is the accepted practice that the user pays a portion of the monthly costs towards their use of it. I note that as of May 2025 Ms D had covered some 12,000 miles and while she may not have been comfortable for some of those miles she still made use of it and so I have to take that use into account. The offer put forward by Black Horse of retaining 11 payments seems more than reasonable to me. Of course time has passed since that so I propose that a percentage figure be used. This, rounded up, would be 60% of the payments to be retained by Black Horse.

I have noted Ms D's partner's comments about a comparison with PCP, but I must address the agreement she chose to take out and not what she might have done. Overall, I think that a refund of 40% of the payments is fair and reasonable along with the deposit of £100.

As for compensation for distress and inconvenience I believe a figure of £500 is fair and reasonable. Again I would stress that calculating these awards is not an exact science but in line with the guidance by which we operate I believe £500 to be fair.

In conclusion I propose the following:

- Uplift the vehicle at no cost to Ms D*
- Upon uplift, arrange closure of the account, so Ms D will not need to pay any further rentals*
- Return to Ms D her deposit of £100 along with 8% statutory interest*
- Refund the £36 diagnostic fee paid with 8% statutory interest*
- Refund £180.38 for the repair of the coil*
- Refund 40% of the monthly payments made less £189.59 and £65.38 already paid plus statutory interest at 8% from the date of each payment until repaid.*
- Pay a total sum of £500 for distress and inconvenience caused including the sums already paid of £350."*

Black Horse didn't dispute my provisional decision. Ms D's partner said she was content with several aspects, but she thought the sum for distress and inconvenience was insufficient. She also said I should have taken into account the increased cost of HP payments as compared to a PCP agreement and Ms D should not have to pay 60% of the monthly payments.

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 appreciate the points made by Ms D's partner but I am not persuaded to alter my

provisional decision.

She has pointed out that Black Horse were slow to respond on occasions and this added to Ms D's distress. She had issues which exacerbated the stress of driving a faulty car and the bank could have helped by responding in a more timely manner. I can see that there were delays, but the bank has covered repair costs and in due course offered to end the agreement. Some of the delays were due to the bank awaiting information from third parties regarding the repairs, but I can understand the frustration experienced by Ms D. However, in line with the approach this service takes I consider a total sum of £500 is fair.

On the matter of the impact of the agreement being a HP one rather than a PCP one I do not consider it appropriate to consider what could have happened if she had taken out a different agreement. Ms D's partner has explained that she had a reasonable expectation of owning the car after the five year agreement ended, but due to the problems there was no realistic chance of her doing so. I can only repeat that I have to address the facts of the complaint and deal with the agreement entered into by Ms D and Black Horse.

The third point raised by Ms D's partner is that the proposed 40% refund is not sufficient. She said Ms D had no choice but to use the vehicle and did so sparingly. This meant the other family car had been relied on more than usual. This was exacerbated by the issue not being resolved more quickly by Black Horse. I appreciate the knock-on effects of the issues with the car, but it was used and it is standard procedure in such cases for this to be recognised in any settlement. Often the figure is much lower than 40% and given the mileage covered I believe that 40% is fair and reasonable.

Finally, I have been made aware that a few days ago the car had its MOT which it failed. I gather this cost £50 and I consider this should be paid by Black Horse. Rather than delay matters further by issuing a second provisional decision for this small change I have decided to include it in this final decision.

Putting things right

Black Horse should:

- Uplift the vehicle at no cost to Ms D.
- Upon uplift, arrange closure of the account, so Ms D will not need to pay any further rentals.
- Return to Ms D her deposit of £100 along with 8% annual simple statutory interest.
- Refund the £36 diagnostic fee paid with 8% statutory annual simple interest.
- Refund £180.38 for the repair of the coil with 8% annual simple statutory interest.
- Refund 40% of the monthly payments made less £189.59 and £65.38 already paid plus statutory annual simple interest at 8% from the date of each payment until repaid.
- Pay a total sum of £500 for distress and inconvenience caused including the sums already paid of £350.

Pay Ms D £50 to cover the cost of the recent MOT.

My final decision

My final decision is that I uphold this complaint and I direct Black Horse Limited to put things right and pay Ms D redress as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms D to accept or reject my decision before 20 November 2025.

Ivor Graham
Ombudsman