

The complaint

Mr F complains that a car acquired under a hire purchase agreement with Black Horse Limited trading as Land Rover Financial Services (“LRFS”) wasn’t of satisfactory quality when it was supplied to him.

What happened

Both parties are familiar with the background of this complaint so I will only summarise what happened briefly here.

In March 2024, Mr F acquired a new car through a manufacturer-approved dealership (W). He paid a deposit of £6,100, and there was a further contribution of £1,000 from W. The balance of the purchase was provided under a hire purchase agreement with LRFS. The agreement was for 49 months, with 48 monthly repayments of £1,656.23 and an optional final payment of £48,347 if Mr F wanted to keep the car at the end of the agreement. The cash price of the car was £116,230.37.

A couple of days after being supplied with the car, Mr F got in touch with W. He said the side cameras weren’t working. The car was taken back to W, and they repaired the side cameras. They also replaced the bonnet cables as there was a problem with the bonnet opening. W had the car for a month, and Mr F was provided with a courtesy car to allow him to remain mobile.

In May 2024, Mr F got back in touch with W to express his disappointment as he’d noticed some paint flaking around the roof rack, and one of the side pillars of the car was loose. It seems he didn’t get much help from W at this time, so he raised a complaint with LRFS in June 2024, and he asked to reject the car. LRFS responded to say Mr F needed to show the faults were present when the car was supplied, and they required more evidence from him. They also explained that W would have one chance to repair each fault under the Consumer Rights Act 2015 (“CRA”). LRFS didn’t uphold Mr F’s complaint and didn’t support rejection of the car.

Mr F continued to liaise with LRFS over the next few months about the issues he was facing, and he brought his complaint to our service in March 2025. While the case was with our service, Mr F took the car to another manufacturer-approved dealership to assess the faults. They confirmed there were faults with paint flaking around the roof rack, the loose side pillar, and a chipped rear right quarter panel, but they were unable to determine what had caused the faults, and they couldn’t rule out ‘outside influences’ for some of the faults. LRFS issued another response to Mr F at this time and again didn’t uphold his complaint. They said there wasn’t sufficient evidence to show the reported faults would have been present or developing when the car was supplied to Mr F.

However, LRFS then got in touch with our investigator and made an offer to resolve the complaint. They agreed to take the car back and end Mr F’s agreement. They also agreed to refund his deposit payment of £6,100 and add 8% simple interest onto that refund from the date it was paid until the date of settlement. LRFS also agreed to waive any excess mileage charge that might apply following the return of the car, as Mr F had completed more than his

contracted mileage allowance. They also offered Mr F £500 compensation to reflect the upset he'd been caused by having a high-end car of unsatisfactory quality – however, they explained that Mr F hadn't been paying his contractual monthly repayments since March 2025, and the arrears would continue to be reported on his credit file.

Mr F rejected LRFS's proposed settlement offer so our investigator looked into things. He determined that the offer was fair in the circumstances.

Mr F continued to disagree. He said, in summary, that LRFS hadn't followed relevant regulations and guidance when handling his arrears, as his personal circumstances had changed and hadn't been taken into consideration. He said that he should receive a full refund of the deposit, including any contribution not made by himself. He also said he should receive all his monthly repayments back, bar a minimum charge of £1,000 for his use of the car, as that used had been 'forced' on him by LRFS's refusal to allow rejection initially. He asked for his arrears balance to be reduced by 50%, and he wanted his credit file rectified, including any adverse information reported by other financial institutions during the time he'd had the car to be removed. Finally he asked for £5,000 compensation.

As Mr F didn't accept, the complaint was passed to me to decide. I issued a provisional decision on 26 November 2025. It said:

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

When considering what is fair and reasonable, I'm required to take into account: relevant law and regulations, relevant regulatory rules, guidance and standards and codes of practice.

Both parties have provided a lot of information here. I'd like to reassure them that I've read and considered everything that's been sent, although I haven't commented on it all within this decision. I will be focussing on what I consider to be the key points of this complaint. This is not intended as a discourtesy but reflects the informal nature of this service in resolving disputes.

I think it's worth explaining what I will be considering in this decision. I want to set out that I'm primarily required to consider what happened up to when LRFS sent its final response letters as the events preceding this relate to what it has had the chance to consider. Things moved on from then, so I've tried to be as pragmatic as possible when dealing with this complaint when thinking about what parts I can decide. But I need to be able to draw a line under the complaint with my decision because it will mark the end of our process. If there are further complaints about events that occurred after the final response letters that are not clearly included within this decision, they would have to be taken up separately.

I'm aware our investigator went into some detail about the arrears on Mr F's account, but it doesn't appear that LRFS have had the opportunity to look into Mr F's concerns about the arrears and issue him with their response to those concerns. A lot of Mr F's comments are focussed on the arrears, how LRFS have dealt with them, and the problems he feels have subsequently been caused by LRFS because of how they've dealt with those arrears. Mr F will need to raise a new complaint with LRFS about those issues and allow them to respond. At that point, he may be able to bring that new complaint to our service. My decision will only be commenting on the satisfactory quality complaint Mr F has raised.

Mr F has also expressed concern about the impact the situation has had on his partner. I'm sorry to hear that but LRFS's relationship here is with Mr F – the agreement is between them and him, and I am only assessing the impact on him within this provisional decision.

As the hire purchase agreement entered by Mr F is a regulated consumer credit agreement this service is able to consider complaints relating to it. LRFS are also the supplier of the goods under this type of agreement and are responsible for a complaint about their quality.

The CRA also covers agreements like the one Mr F entered. Because LRFS supplied the car under a hire purchase agreement, there's an implied term that it is of satisfactory quality at the point of supply. Cars are of satisfactory quality if they are of a standard that a reasonable person would find acceptable, taking into account factors such as – amongst other things – the age and mileage of the car and the price paid.

The CRA also says that the quality of goods includes their general state and condition, and other things like their fitness for purpose, appearance and finish, freedom from minor defects and safety can be aspects of the quality of the goods.

Satisfactory quality also covers durability. For cars, this means the components must last a reasonable amount of time. Of course, durability will depend on various factors. In Mr F's case, the car was brand-new when supplied and I wouldn't expect it to have any quality concerns.

Our investigator has said that he thinks the car wasn't of satisfactory quality when it was supplied to Mr F. But he's satisfied the repairs completed in March 2024 rectified the unsatisfactory quality concerns, and the subsequent faults couldn't be shown to be present or developing at the point of supply. He said the offer that LRFS have now made to resolve Mr F's complaint is a fair one. Whilst I agree that the majority of the offer is fair, I don't agree that LRFS did enough when a further concern about the quality of the car was raised to them in June 2024. I'll explain why.

The CRA explains that where goods are found not to have conformed to the contract within the first six months, it is presumed the goods did not conform to the contract at the point of supply. Unless the supplier, LRFS in this case, can prove otherwise. Mr F brought the problems with the roof rack paint flaking and the side pillar being loose to LRFS's attention in June 2024, three months after he'd been supplied with the car. So, I need to consider if LRFS have done what I'd expect them to have done once they were aware there were further problems with the car.

Having considered everything, I'm not satisfied LRFS have done enough in this case to try and determine if the faults would have been present or developing at the point of supply. Their final response letter directs Mr F back to the supplying dealership for a diagnosis and asks him to refer back to LRFS once he's received that diagnosis. It also explains that the supplying dealership has the right to repair each fault once. I'm not persuaded that either of those statements are in line with the CRA. As Mr F brought the faults to LRFS's attention within six months, I'm minded to say they should have done more to try and determine when the faults had developed. That could have been by way of an independent inspection, or they could have made arrangements for the car to be returned to the supplying dealership – but by simply referring Mr F back to the supplying dealership I'm not persuaded they've acted in accordance with their requirements under the CRA. It was for LRFS to show that the car was of satisfactory quality when it was supplied and I'm satisfied they haven't attempted to do that in this case.

The CRA sets out that the supplier, LRFS, have one opportunity to repair the car. It doesn't say that one opportunity to repair each fault is allowed. And LRFS have accepted in their final response to Mr F that one opportunity to repair has happened, when the side cameras and bonnet cables were fixed.

The CRA sets out that (outside of the first 30 days) if the car isn't of satisfactory quality,

there's been a repair attempt, and the car still doesn't conform to the contract, Mr F should be able to reject it. Here, I'm more satisfied than not that a repair attempt has already been given, and that the opportunity to repair again isn't in keeping with LRFS's requirements under the CRA. Because of this, I'm minded to say that Mr F should have been allowed to reject the car in June 2024 when he raised the new concerns with the car to LRFS, and LRFS should now end the agreement and take the car back. However, there are some other considerations to be made here. Mr F has had use of the car, and I think it's fair that he should pay for that use.

There is no set formula for me to use when calculating fair usage. There isn't an industry standard mileage figure. But my role is to decide cases quickly and informally – and I have to consider the usage Mr F has had of the car since entering the agreement. He has had the car since March 2024 and has confirmed he's covered approximately 28,000 miles in it. Mr F's agreement had a total permitted mileage allowance of 24,510 – a figure he has exceeded since the agreement began in March 2024. Whilst I appreciate Mr F feels his usage has been 'forced' because of LRFS's decision not to allow him to reject the car, he has still used the car in excess of his permitted allowance, and he should expect to pay for that. I'm planning to say that LRFS can keep all the monthly payments Mr F has made towards the agreement to reflect the use he's had of the car while it's been in his possession.

LRFS have said that they are prepared to waive any excess mileage charges that would normally be applied. Had that offer not been made, I'm not persuaded it's something I would have directed them to consider, but as the offer has been made I'm persuaded it's more than reasonable in the circumstances.

Mr F paid a contribution of £6,100 towards the deposit for the car, with the manufacturer also making a contribution. LRFS have agreed to refund Mr F's payment. Mr F has asked for the total deposit back, including the manufacturer's contribution, but I don't think that's reasonable. Mr F should be put back into the financial position he was in prior to the agreement starting, minus any charge for his use of the car and any maintenance or service costs he's incurred as a result of continuing to use the car. As Mr F paid £6,100 towards the deposit, I'm satisfied that LRFS's offer to refund that amount to him is reasonable.

Mr F has also asked for a service fee of £750 to be refunded to him, along with £250 he's paid for new tyres. As he's continued to use the car, I'm satisfied those amounts aren't recoverable from LRFS. Mr F's agreement says that he has an obligation to maintain the car and service it in line with the manufacturer's recommendations. His continued use of the car and significant mileage has meant those costs have been incurred reasonably, and I won't be asking LRFS to refund those to Mr F.

Mr F has asked for his credit file to be amended in full, including any adverse information that's been added outside of this finance agreement with LRFS. I'm only considering LRFS's actions in this decision, so won't be making a decision about any other aspect of Mr F's credit file. I'm planning to ask LRFS to work with Mr F to arrange a suitable and affordable repayment plan for the contractual payments that haven't been made while Mr F has been in possession of the car. I would urge Mr F to speak with LRFS, and I would expect LRFS to show Mr F forbearance and give consideration to his financial situation, so that a suitable and sustainable repayment plan can be considered. Once that payment plan is in place, I'm minded to say it's reasonable for LRFS to remove any adverse information reported on Mr F's credit file, in relation to this agreement only, that's been recorded since June 2024 when I'm satisfied Mr F should have been allowed to reject the car.

Finally, Mr F has explained in some detail the impact having a car of unsatisfactory quality has had on him. He had committed to acquiring a luxury car at some expense, so I can

understand why he feels the way he does. I'm satisfied Mr F has suffered more than the usual problems you might expect in everyday life. No amount of money can change what's happened. But the compensation LRFS have offered, and I'm in agreement with, is in line with what's awarded where the impact of the mistake has caused considerable distress, upset or worry – and/or significant inconvenience that needs a lot of extra effort to sort out. I'm planning to say that LRFS's offer of £500 is reasonable to reflect the upset caused to Mr F of being supplied with a car of unsatisfactory quality.

I'd like to remind Mr F that he's able to reject this decision if he feels he can achieve a better outcome by alternative means, such as through the courts.'

LRFS responded. They said that, while they broadly agreed with the findings of the provisional decision, they had concerns about Mr F's ability and/or willingness to pay the arrears on the account. They said they had tried to contact him to complete an income and expenditure form, to allow them to assess his affordability to pay the arrears and Mr F hadn't provided the required information. LRFS asked for the deposit to be retained by them, so it could be offset against the outstanding arrears, meaning Mr F would have a more manageable amount to pay. They said that, if my decision is for them to return Mr F's deposit, they would like to apply an excess mileage charge once the car was back in their possession.

Mr F also responded. He accepted my findings about when the car should have been allowed to be rejected, and that the agreement should be brought to an end. But he disagreed with my proposed remedies. In summary, he said:

- As it had been decided the car should have been allowed to be rejected in June 2024, that is when the agreement should end. Because of that, it isn't possible for Mr F to be in arrears on the agreement since March 2025. He asked for all the arrears accrued from June 2024 to be declared void. He doesn't think he should have to enter a repayment plan, and all adverse data should be removed from his credit file from June 2024.
- Allowing LRFS to keep all of the monthly payments made creates a punitive formula. He would like all of his monthly payments to be returned. Had he put the car in storage, or not used it, he would have had to hire a car, and he has prevented LRFS from being liable for those costs. That should be offset against the monthly payments he has made towards the agreement.
- He has had to pay for insurance. He has incurred that debt solely because of LRFS's refusal to accept rejection of the car. He would like his insurance costs returned.
- He negotiated a reduction in the deposit he had to pay, so he feels he should receive the benefit of his negotiation and receive the full deposit back, including any contribution from the dealer.
- He doesn't think the arrears on his account constitutes a new complaint. He believes the proximate cause of those arrears is LRFS's unwillingness to allow rejection in June 2024. Had they done that, he wouldn't have defaulted on his personal loan.

Mr F has asked for a total remedy of approximately £82,000.

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 attempted to summarise above the responses that I received from Mr F and LRFS as I want them to know that I've carefully considered all the points made and the evidence provided. I don't intend to address the same points again as in my provisional decision. Instead, I've tried to concisely explain why the additional comments and evidence I've received since I issued my provisional decision haven't changed my mind.

Firstly, I'd like to say that I appreciate Mr F's frustrations here. He has invested a lot of time with LRFS to try and agree to rejection of the car since he brought the problems with it to their attention, and there is no doubt that LRFS should have acted sooner and allowed rejection of the car from June 2024. I have confirmed that in my provisional decision, and neither party is in disagreement with that. However, any decision that I make has to take account of everything that has happened – and that includes the fact that Mr F has continued to use the car.

He has said that, as I've said the car should have been accepted as a rejection by LRFS in June 2024 and the agreement should be ended, he shouldn't be liable for any arrears that have accrued since that date, and the contract ceases to exist. Therefore, I shouldn't be asking LRFS and Mr F to arrange a suitable and sustainable repayment plan for the arrears that have accrued since March 2025, when Mr F stopped making his contracted monthly repayments.

I can understand his point here – but the CRA explains that, if the consumer exercises his right to reject, any refund due may be reduced by a reduction for use to take account of the use the consumer has had of the goods in the period since they were delivered. I have to consider what would be fair and reasonable in the circumstances of this case. And the bottom line here is that the car remains in Mr F's possession, and he has continued to use it. I appreciate Mr F has said he feels as though he's been 'forced' to use the car because of LRFS's unwillingness to allow rejection – I covered that point in my provisional decision – but he has used it, and I continue to be satisfied that he should expect to have to pay for his continued use of the car. I don't think it would be reasonable to ask LRFS to refund all the payments he's made towards the agreement from June 2024, when Mr F has covered approximately 28,000 miles in the car.

The CRA doesn't set out a set formula for calculating fair usage, and Mr F feels my decision to allow LRFS to keep all the monthly payments he's made to date for his usage is punitive. He has calculated it at 71p per mile, which he believes is three times more than the 'market rate' for excess mileage charges. He has explained that, had he stopped using the car in June 2024 when he wanted to reject it, he would have been forced to hire a car, and LRFS would have been liable for those costs – which he has put in the region of £25,000. So, he feels his monthly repayments should be returned to him, as he has saved LRFS that cost by not hiring a car and asking LRFS to reimburse him.

However, my role is to make a decision based on what has happened in the circumstances of the case, not what could have happened, or what Mr F could have done. And in this case, it comes back to the fact that he has continued to use the car and use it a great deal. Had he stopped using it in June 2024 when he asked to reject it, I'm persuaded he would have been acting more in keeping with someone that didn't want the car any longer. He would have been attempting to mitigate any future losses by not adding to the mileage. But by not doing so, I'm satisfied he should have continued to make his contracted monthly repayments or worked with LRFS to try and arrange a suitable and affordable repayment plan for a period of time. He had signed an agreement to meet his contracted monthly repayments, and he was using LRFS's asset, and they were absorbing any depreciation caused by the mileage Mr F was covering. As he has covered in excess of the mileage permitted under his

agreement, I remain persuaded that he should pay for that usage. As I explained in my provisional decision, there is no standard industry mileage figure for calculating fair usage. So, there isn't a 'market rate' for me to use. I have to make my decision based on what I think is reasonable in the circumstances of this case, and I remain persuaded that using Mr F's contracted monthly repayments is a reasonable way to assess the cost for fair usage.

Mr F has asked for his insurance costs to be refunded to him. As he has continued to use the car, he had a legal obligation to ensure the car was insured. As he has received benefit from that insurance, I won't be asking LRFS to refund him for it.

As I explained in my provisional decision, Mr F should be put back into the financial position he was in prior to the agreement starting, minus any charge for his use of the car and any maintenance or service costs he's incurred as a result of continuing to use the car. Insurance costs can be included here too. Mr F paid a deposit of £6,100 when he acquired the car. I appreciate that he negotiated a discount on the deposit, but he should be reimbursed for the amount he paid. I remain satisfied that LRFS should refund Mr F's deposit payment of £6,100.

LRFS have said that they'd like me to consider allowing them to retain Mr F's deposit so they can offset it against his outstanding arrears, leaving him with a more manageable amount to pay. But I think it's fairer here for Mr F to receive his deposit back. It's accepted that LRFS didn't do as they were expected to do in June 2024 when the issue of rejection was first raised and it's important that Mr F is allowed to consider using the deposit he paid on this agreement for a new car if he needs to keep himself mobile. As LRFS have previously agreed to waive any excess mileage charges that might otherwise have been chargeable, I'm satisfied that should remain to be the case once the car is returned to them. I'm more satisfied than not that that is a reasonable compromise in the circumstances of this case.

My provisional decision explained that Mr F would need to raise a new complaint with LRFS if he's unhappy with how the arrears have accrued, how LRFS have handled those arrears, and any possible impact those arrears have had on Mr F's other financial commitments. I won't be expanding on that within this final decision. I remain persuaded that Mr F will need to raise a new complaint if he's unhappy with any aspect of the arrears that have accrued under the agreement. Whilst Mr F has noted the satisfactory quality of the car as the cause for his subsequent problems financially, he hasn't provided any evidence to suggest that is the case. And my decision is only deciding on the satisfactory quality of the car supplied by LRFS.

I'd like to remind Mr F that he's free to reject this decision if he feels he can achieve a better outcome by alternative means, such as through the courts.

My final decision

For the reasons above, I'm upholding this complaint. Black Horse Limited trading as Land Rover Financial Services must:

- End the finance agreement ensuring Mr F is not liable for monthly rentals after the point of collection (they should refund him any overpayments for these if applicable).
- Take the car back (if that has not been done already) without charging for collection.
- Refund the deposit of £6,100 paid by Mr F.
- Pay 8% simple interest on the refunded amount, from the date of payment until the

date of settlement.*

- Waive any excess mileage charge that may apply under the terms of the agreement.
- Once a suitable and affordable repayment plan is agreed, LRFS should remove all adverse information from June 2024, in relation to this agreement, from Mr F's credit file.
- Pay Mr F £500 compensation to reflect the upset caused to him by being supplied with a car of unsatisfactory quality.

*If Black Horse Limited trading as Land Rover Financial Services consider that they're required by HM Revenue & Customs to deduct income tax from that interest, they should tell Mr F how much they've taken off. They should also give him 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 F to accept or reject my decision before 9 January 2026.

Kevin Parmenter
Ombudsman