

The complaint

Miss E complains that a car that was supplied to her under a hire purchase agreement with Black Horse Limited wasn't of satisfactory quality.

What happened

A used car was supplied to Miss E under a hire purchase agreement with Black Horse that she electronically signed in November 2022. The price of the car was £38,239, Miss E paid a deposit of £3,750.46 and she agreed to make 48 monthly payments of £545.26 and a final payment of £20,632 to Black Horse.

Miss E complained to Black Horse about issues with the car in February 2025 and it partly upheld her complaint. It said it was responsible for issues with the timing chain, prop shaft, turbo and EGR but not the issues with the steering rack. It agreed to pay a total of £6,961.13 to Miss E. Miss E provided further evidence about the issue with the steering rack and Black Horse considered that as a separate complaint, but didn't uphold it because it said that there was no evidence that the fault with the steering rack was present from the point of sale.

Miss E wasn't satisfied with its response, so referred her complaint to this service and said that she wanted to reject the car. Her complaint was looked at by one of this service's investigators who, having considered everything, didn't think that Black Horse had acted fairly. She thought that the car wasn't of satisfactory quality when it was supplied to Miss E as it wasn't reasonably durable and she said that the fairest way to sort things out was for Miss E to be able to reject the car. She recommended that Black Horse should: end the finance agreement and take the car back; refund Miss E's deposit and all rentals from February 2025, all with interest; pay a further £150 for any trouble and upset that's been caused; and remove any adverse information from Miss E's credit file in relation to the agreement.

Miss E has accepted the investigator's recommendation and says that the dealer has repaired the car and delivered it back to her in November 2025 and that it was sitting on her drive and would stay there until it was collected. Black Horse hasn't accepted the investigator's recommendation and says that it would like the complaint to be escalated so I've been asked to issue a decision on it. It says, in summary and amongst other things, that:

- the car was over four years old and had covered 37,000 miles at the point of sale and was then used by Miss E for a further two years and two months and had covered a further 15,369 miles for a total of 52,369 miles;
- no evidence has been provided to show that the steering rack concern was present at the point of sale;
- the steering rack concern has occurred due to water ingress which the garage has advised has occurred due to a crack, the concern wasn't noted on any previous diagnostic or repairs and the crack may have occurred due to the car hitting a pothole or going over difficult terrain and is a recent occurrence that has come about by the car's use, age and mileage; and
- the car has been durable, Miss E has had ample use of it and, if it wasn't durable, it wouldn't have been able to be used for multiple years and over 15,369 miles by

Miss E.

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, as the supplier of the car, was responsible for ensuring that it was of satisfactory quality when it was supplied to Miss E. Whether or not it was of satisfactory quality at that time will depend on a number of factors, including the age and mileage of the car and the price that was paid for it. The car that was supplied to Miss E was first registered in October 2018, so was about four years old, the hire purchase agreement says that it had been driven for 37,000 miles and the price of the car was £38,239. Satisfactory quality also covers durability which means that the components within the car must be durable and last a reasonable amount of time, but exactly how long that time is will depend on a number of factors.

Miss E says that the car's power steering failed in February 2025 and she complained to Black Horse about issues with the car, including with the timing chain, prop shaft, turbo, EGR and steering rack. Black Horse paid £6,961.13 to Miss E, which comprised £5,865.90 to cover the cost of repairs to the timing chain, prop shaft, turbo and EGR, £717.06 for her lost use, £200 for the distress and inconvenience caused and interest of £178.17, but it didn't uphold her complaint about the power steering.

There have clearly been other issues with the car, and Black Horse has accepted that they caused the car not to have been of satisfactory quality when it was supplied to Miss E. The manufacturer has agreed to repair the faults with the car's steering and I don't consider it to be likely that it would have agreed to do that unless it was satisfied that it was responsible for that issue. In complaints such as this one, where the evidence is incomplete, inconclusive or contradictory, I have to make my decision on the balance of probabilities and on what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

I've carefully considered all of the evidence that Black Horse has provided about Miss E's complaint, including its responses to the investigator's recommendation, but I'm persuaded that it's more likely than not that the car wasn't as durable as it was reasonable for Miss E to expect it to be and that, for that reason, the car wasn't of satisfactory quality when it was supplied to her. I find that it would be fair and reasonable in these circumstances for Miss E to be able to reject the car and for Black Horse to take the actions described below.

Putting things right

I find that it would be fair and reasonable for Black Horse to end the hire purchase agreement and arrange for the car to be collected from Miss E, both at no cost to her. The hire purchase agreement shows that Miss E paid a deposit of £3,750.46 for the car to be supplied to her. I find that it would also be fair and reasonable for Black Horse to refund to Miss E the deposit that she paid for the car, with interest.

Miss E says that she stopped using the car after the power steering failed in February 2025. As she hasn't used the car since then, I find that it would be fair and reasonable for Black Horse to refund to Miss E the monthly payments that she's made under the hire purchase agreement for the period since then, with interest.

These events have clearly caused distress and inconvenience for Miss E. I find that it would also be fair and reasonable for Black Horse to pay her £150 to compensate her for that

distress and inconvenience. The investigator said that Black Horse should remove any adverse information from Miss E's credit file in relation to the agreement. I've seen no evidence to show that Black Horse has reported any adverse information about the hire purchase agreement to the credit reference agencies but, if it has done so, I consider that it should ensure that the information is removed from Miss E's credit file.

My final decision

My decision is that I uphold Miss E's complaint and order Black Horse Limited to:

1. End the hire purchase agreement and arrange for the car to be collected from Miss E, both at no cost to her.
2. Refund to Miss E the deposit that she paid for the car.
3. Refund to Miss E the monthly payments that she's made under the hire purchase agreement for the period since the car's power steering failed in February 2025.
4. Pay interest on the amounts at 2 and 3 above at an annual rate of 8% simple from the date of each payment to the date of settlement.
5. Ensure that any adverse information about the hire purchase agreement that it's reported to the credit reference agencies is removed from Miss E's credit file.
6. Pay £150 to Miss E to compensate her for the distress and inconvenience that she's been caused.

HM Revenue & Customs requires Black Horse to deduct tax from the interest payment referred to above. Black Horse must give Miss E a certificate showing how much tax it's deducted if she asks it for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss E to accept or reject my decision before 9 February 2026.

Jarrold Hastings

Ombudsman