DRN-6062501

The complaint

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

Mr I has been represented during the claim and complaint process by Mr W. For ease of reference, I will refer to any comments made, or any action taken, by either Mr I or Mr W as "Mr I" throughout the decision.

What happened

In March 2025, Mr I was supplied with a new car through a hire purchase agreement with Black Horse. He paid an advance payment of £7,500 and the agreement was for £82,937 over 36 months; with 35 monthly payments of £1,373.57 and a final payment of £48,585. The payments included a £399 cosmetic protection product which was also financed over the 36-month term.

A few months after being supplied with the car, Mr I complained of problems with the air-conditioning system ('air-con'). Due to the distance between Mr I's home and the supplying dealership, it was agreed that the car could be taken back to a local manufacturer's dealership for diagnosis and repair under warranty.

The local dealership found there was no gas in the air-con, so they regassed it. They also investigated for any potential leaks, didn't find any, and advised Mr I the car was ok. However, a few weeks later, the air-con stopped working again. So, Mr I took the car back to the local dealership, where a leak was identified. He also complained to Black Horse.

The local dealership contacted Mr I on 29 August 2025 to let him know they now had the part to be able to repair the air-con. However, Mr I advised them he was looking to reject the car, and didn't agree to any further repairs. Black Horse upheld the complaint, offering to refund 20% of the payments Mr I had made while the air-con wasn't working, plus an additional £200 compensation for the inconvenience that had been caused.

Unhappy with this outcome, Mr I brought his complaint to the Financial Ombudsman Service for investigation.

Our investigator said that Mr I was supplied with a brand new high value car which had an accepted fault with the air-con. They said the Consumer Rights Act 2015 ('CRA') allowed for a single chance of repair, which had happened when the local dealership regassed the air-con and advised Mr I there were no leaks, or further work required.

When the single chance of repair is unsuccessful, the consumer has the right of rejection, and Mr I wants to exercise that right. The investigator thought this was reasonable and said that he should be allowed to reject in the circumstances. So, the investigator recommended that Black Horse should allow rejection, refund the deposit Mr I paid, and increase the refund to 20% of all the payments Mr I has made. The investigator thought the £200 compensation offer made by Black Horse was reasonable and didn't think this should be increased.

Black Horse didn't agree with the investigator's opinion. They said that the regas could not be considered as a repair attempt, as this is general maintenance. They said the local dealership had identified a leak, and ordered parts under warranty, and Mr I had refused to have the repair completed.

Black Horse also said that the air-con fault didn't prevent the car from being used safely and, given the low cost of repair compared to the price of the car, it was disproportionate to allow rejection in this case, and the necessary repairs should be completed. They also raised that Mr I had been able to do more than 12,000 miles in the car since supply.

Because Black Horse didn't agree, this matter has been passed to me to decide.

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.

Having done so, I've reached the same overall conclusions as the investigator, and for broadly the same reasons. 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. Mr I 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 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.

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 Mr I took possession of it, and this made the car not of a satisfactory quality, it'd be fair and reasonable to ask Black Horse to put this right.

In this instance, it's not disputed that Mr I was supplied with a brand new car, with a cash value of £90,437, that had an issue with the air-con. As such, I'm satisfied that I don't need to consider the merits of this issue within my decision. Instead, I'll focus on what I think Black Horse should fairly and reasonably do to put things right, when considering all the circumstances of this complaint.

Putting things right

As explained by the investigator in their opinion, 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. 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.

The CRA is also clear that, if the single chance at repair fails, then Mr I has the right of rejection. However, this doesn't mean that Mr I is required to reject the car, and he can agree an alternative remedy i.e., further repairs to the car.

In this instance, Mr I took the car to the local dealership for diagnosis and repair, not the supplying dealership. However, this had been arranged with the agreement of the supplying dealership, due to the distance between Mr I's home and the supplying dealership. As such, for the purposes of the CRA and the single chance of repair, I'm satisfied that the local dealership are standing in for the supplying dealership, and the local dealership are the ones responsible for carrying out the single chance of repair.

The local dealership sent Mr I an email, dated 1 September 2025, confirming the outcomes of the two occasions they inspected the car. The first inspection took place on 7 July 2025, when the car had done 5,659 miles. The local dealership confirmed:

> *"Vehicle came in for A/C blowing Warm air. We carried out a Check of Gas in the system. Climate Control not blowing cold. Checked Air Con System. Minimum of 20C, Checked Levels – No Gas in system. VAC AC System and Fill. Checked for Leaks – All ok."*

Mr I was supplied with a brand new car. If, during the manufacturing process, the gassing of the air-con had, for some reason, not taken place, then the air-con wouldn't have worked from the outset. However, this wasn't the case, as the air-con initially worked when the car was supplied in March 2025, but by July 2025 had stopped working. It's therefore reasonable to conclude that the lack of gas in the air-con was due to a reason other than a manufacturing oversight.

A car's air-con is a sealed but imperfect system, as the refrigerant gas can slowly leak over time through rubber hoses and seals. As such, air-con regassing is required, and, as Black Horse have said, falls under regular maintenance of the car. The manufacturer's guidelines are that the air-con will lose around 10% of the gas each year and, to keep the system working efficiently, a regas should take place around every two years or 30,000 miles.

So, while the need to regas the air-con after two-years or 30,000 miles (where there would have been an expected loss of 20% of the gas) would be considered maintenance; the need to regas the system after around three-months and less than 10,000 miles, because there is no gas in the system, would not be considered maintenance – this is indicative of a fault that, due to the age and mileage of the car, would've been present when the car was supplied.

The local dealership checked for leaks in the system, were unable to find any, and therefore regassed the system, advising Mr I that everything was now *"all ok."* While I appreciate that Black Horse won't agree with me on this, for the reasons already given, the work done by the local dealership was not general maintenance but was an attempted repair under section 24(5) of the CRA.

Mr I took the car back to the local dealership on 29 July 2025, when it had done 6,235 miles, as the air-con wasn't working again. The 1 September 2025 email confirms the local dealership:

> *"Checked Air Con System levels … regassed with UV Dye ... found leak … part on back order."*

During this second visit, the local dealership used a UV dye to identify the leak. However, they haven't provided any explanation as to why they didn't conduct the tests that took place

on 7 July 2025 using this dye and, presumably, had they done so, the leak would've been identified earlier. I'm therefore satisfied that, in failing to correctly identify the leak in the air-con on 7 July 2025, which resulted in the regassing being unsuccessful, the single chance of repair failed. And the CRA allows Mr I the right of rejection.

Black Horse believe that, due to the overall cost of repair compared to the cash price of the car, Mr I should be forced to accept a second repair after the failure of the single chance of repair. But the CRA doesn't have any provisions for this scenario, nor do I think it's fair and reasonable to impose this – Mr I was supplied with a brand new car that wasn't of a satisfactory quality, and it's not reasonable he should be forced to accept multiple repair attempts, just because the cost of those repairs are 'cheap'.

So, taking everything into consideration, I'm satisfied that Mr I should be allowed to exercise his right to reject the car. And, as part of this rejection, he should receive a refund of the deposit he paid.

Mr I has been able to use the car while it was in his possession. And, while it was being investigated and repaired, he was also provided with a courtesy car to keep him mobile. Because of this, I think it's only fair that he pays for this usage.

However, given the issues with the car, I'm also satisfied that Mr I's usage and enjoyment of the car has been impaired. Black Horse had offered to refund him 20% of the payments he'd made, for a 92 day period, to reflect the impaired usage he's had of the car. I think this was a fair offer, but I also think it should be extended to cover the entire period Mr I has been in possession of the car.

Black Horse have also raised the issue of the mileage Mr I has travelled in the car. If the agreement Mr I signed has any limitations on the mileage, and if Mr I has exceeded those limitations, then Black Horse would be entitled to charge Mr I for that excess mileage, in line with the terms of the agreement.

What's more, and again if the agreement allows for this, Black Horse can charge Mr I for any damage to the car that falls outside of normal fair wear and tear guidelines. If Mr I disagrees with any of these charges, this would have to be raised as a separate complaint with Black Horse, and they would have to have the opportunity to respond to this complaint, before we would be able to become involved.

Black Horse have also offered Mr I £200 for the inconvenience he's been caused by what happened. I'm in agreement with the investigator that this is a fair offer and, if this hasn't already been paid, then Black Horse should arrange to do so.

Therefore, if they haven't already, Black Horse should:

- end the agreement, ensuring Mr I 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 Mr I;
- remove any adverse entries relating to this agreement from Mr I's credit file;
- refund the deposit Mr I 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 a total of 20% of all the payments Mr I has paid between being supplied with the car and it being collected (this includes the £830.92 Black Horse offered to pay in their complaint response letter of 1 September 2025);

- apply 8% simple yearly interest on the refunds, calculated from the date Mr I made the payments to the date of the refund†; and
- pay Mr I the £200 they offered to compensate him for the trouble and inconvenience caused by being supplied with a car that wasn't of a satisfactory quality (if not already paid, Black Horse must pay this compensation within 28 days of the date on which we tell them Mr I 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 Mr I a certificate showing how much tax they've taken off if he asks for one.

My final decision

For the reasons explained, I uphold Mr I'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 I to accept or reject my decision before 12 February 2026.

Andrew Burford
Ombudsman