

The complaint

Mr C is unhappy that Black Horse Limited, trading as Land Rover Financial Services, repossessed a car they had supplied to him under a hire purchase agreement, and are now chasing him for an outstanding balance.

What happened

In September 2019, Mr C was supplied with a new car through a hire purchase agreement with Black Horse. He paid an advance payment of £689, and the agreement was for £62,294.92 over 49 months; with 48 monthly payments of £712.72 and a final payment of £37,995.

In early 2020, Mr C split with his partner. Shortly afterwards, as part of the support available due to the coronavirus (Covid-19) pandemic, Mr C took two three-month payment deferrals (known as payment holidays) covering the period April to September 2020. In October 2020, instead of increasing the payments at the end of the deferral period, Mr C says he agreed with Black Horse that he would resume the normal payments of £712.72, and the deferred payments would be settled by way of a lump sum once he'd received a settlement from the home he previously shared with his partner.

Due to his financial situation at the time, Mr C was unable to resume the normal monthly payments, and, by September 2021, there were arrears totalling over £4,000. Mr C started making normal monthly payments in October 2021, but no arrangements were put in place to repay these arrears – Mr C also intended to clear these from the settlement he received, although there's no evidence this was ever agreed with Black Horse.

Black Horse had issued default notices in July and November 2021, but the agreement was never defaulted or terminated. A further default notice was issued on 23 March 2022, asking Mr C to repay the £4,323.96 arrears by 12 April 2022. He failed to make any arrangement to do this, and, on 25 April 2022, the agreement was terminated. In May 2022, after the process to repossess the car was already in progress, Mr C offered to pay the arrears (but not the deferred payments) so that he could keep the car. Black Horse explained this was no longer possible, and he would need to clear the full outstanding balance of around £55,000 if he wanted to keep the car.

Mr C was unable to clear the full outstanding balance, and the car was repossessed and sold at auction. This left an outstanding balance of just over £8,000 and Mr C complained to the Financial Ombudsman Service – he felt that Black Horse should write-off the outstanding balance, as well as providing him with a low-rate finance option for the car he'd had to finance elsewhere after the car they'd supplied was repossessed.

Black Horse provided us with their business file and the statement of account clearly stated:

19/08/22 Write Off 8,162.24 [balance] 0.00

On the basis that the outstanding balance had been written off, in February 2023 Mr C agreed to withdraw his complaint from our service.

He contacted us again in December 2025 to say he'd recently become aware that Black Horse were still reporting an outstanding balance of over £8,000 to the credit reference agencies. The investigator reviewed the case and Black Horse explained that the entry of 19 August 2022 didn't mean that they'd written off the outstanding balance, the entry meant that this was a "*Bad Debt Write- Off*" which had been assigned to a third-party debt collection agency to pursue, and the amount remained owing.

Black Horse also confirmed they'd written to Mr C on 22 August 2022 to explain there remains an outstanding balance.

The investigator said that Black Horse had acted fairly in terminating the agreement and repossessing the car due to the amount of arrears – it wouldn't have been reasonable for them to let the situation go on indefinitely, allowing the arrears to reach a level where they would've become unpayable in the remaining time left on the agreement.

While the investigator acknowledged that the wording Black Horse had used implied the debt had been written off, this was for accounting purposes, and it didn't mean that they were obliged to stop reporting the situation to the credit reference agencies. So, the investigator didn't think Black Horse needed to do anything more.

Mr C didn't agree with the investigator's opinion. He didn't think the termination of the agreement and the reporting to the credit reference agencies was fair, given the specific circumstances of his case, and he didn't think it was proportionate action given his documented financial difficulties. Finally, he said that Black Horse saying the debt had been written off influenced his understanding of the position and his subsequent actions.

As Mr C 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 C 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 basic facts of this case aren't in dispute. Mr C found himself in an unfortunate position in 2020, with the split from his partner and the financial difficulties he found himself in resulting from the Covid-19 pandemic. As a result of this, Black Horse agreed to six-months of payment deferrals, and for Mr C to repay the deferred payments by lump sum when he received the settlement figure from his partner. When he was unable to resume full payments, Black Horse also allowed him to make part-payments until he was financially able to resume full payments again.

The rules laid down by the Financial Conduct Authority require financial businesses to treat customers in financial difficulties with forbearance and due consideration. Given the above, I'm satisfied that Black Horse did this. However, the rules Black Horse need to work by also require that arrears are not allowed to go on indefinitely and build up to a point where they would be untenable to repay within the remaining term of the agreement.

Mr C took out a four year agreement in September 2019, and almost three years into that agreement he had arrears equivalent to around six-months payments, and he had also deferred another six payments that weren't being repaid in what would be considered the usual way i.e., the monthly repayments had been increased to spread the deferred payments over the remaining term of the agreement - what would have been at the time three years. This meant that, in May 2022, Mr C would've needed to arrange to repay 12-months' worth of payments over the 15-months left on the original term, in addition to maintaining payments of over £700 a month.

Mr C didn't arrange to increase his monthly payments, instead wanting to repay the arrears and deferred payments from a future settlement amount. While I appreciate why he wanted to do this, given the amount of arrears and deferred payments and the short-term remaining on the original term of the agreement, I don't think Black Horse acted unreasonably by not accepting this and issuing a default notice instead.

The default notice asked Mr C to make an arrangement to repay the arrears only, but he didn't do this. So, I'm satisfied that Black Horse acted reasonably by defaulting and terminating the agreement. I therefore won't be asking them to remove the default.

Turning now to how Black Horse recorded the outstanding balance (which I've noted is roughly equivalent to the amount of arrears and the deferred payments) I can see why this caused confusion. However, Black Horse wrote to Mr C to advise him this amount remained payable. And, when Mr C received the settlement he was waiting for (which I presume has now happened, given the time that's passed) he was able to contact Black Horse to query the apparent discrepancy between being told he still owed £8,000 and being told this had been written off; arranging to repay any outstanding balance that still existed.

Given that this didn't happen, and I've seen nothing to show me that Mr C ever queried this discrepancy with Black Horse, I don't think it's reasonable for Black Horse to take any further action – while they have chosen not to actively pursue Mr C for this amount, and while I accept this will come as a disappointment to Mr C, they still have an obligation to accurately report to the credit reference agencies that there is an outstanding balance that remains unpaid. And Mr C is still able to repay this amount to Black Horse, either by an agreed repayment plan, or by lump sum.

My final decision

For the reasons explained, I don't uphold Mr C's complaint about Black Horse Limited trading as Land Rover Financial Services.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 25 February 2026.

Andrew Burford
Ombudsman