DRN-6115827

The complaint

Mr O complains about the quality of a vehicle that was supplied through a motor finance agreement with Black Horse Limited (BHL).

What happened

In October 2024, Mr O acquired a used car through a hire purchase agreement with BHL. The cash price of the car was £31,750. A deposit of £14,301 was listed, so the total amount financed under the agreement was £17,449, payable over 60 monthly repayments of £404.63.

Mr O said that within weeks of receiving the car, it developed severe faults. BHL admitted liability, repurchased the vehicle, ended the agreement, and refunded Mr O his deposit. However, Mr O said he has been left out of pocket for the seven monthly payments he made while the car was mostly in the garage for repairs.

Mr O also said that BHL charged him 50p per mile for usage, which he considers unfair, and that they are refusing to refund his monthly repayments because the fault was not raised within the first 30 days.

To resolve the matter, Mr O wants a full refund of the seven monthly repayments he made, a full refund of the interest rebate due to him, a full refund of the mileage charges, and compensation for the inconvenience and financial losses he has suffered.

In June 2025, BHL issued their final response to Mr O's complaint, which they upheld in part. In summary, they confirmed that Mr O complained in April 2025 about the quality of the car, and that the vehicle was not durable because it required new turbos.

BHL said it agreed to repair the issues; however, the dealership instead agreed to repurchase the vehicle and return Mr O's deposit. BHL also said they made an additional payment of £2,602, made up of the following:

- £300 for distress and inconvenience
- £173.03 for loss of use, as a prorated refund of his monthly repayments for the time he was without the car
- 8% interest totalling £627.75
- £1,501.32 to make up the shortfall in the deposit refund from the dealership

Unhappy with this decision, Mr O brought his complaint to our service, where it was passed to an investigator.

In their file submission, BHL confirmed that Mr O accepted their offer and the payment was made to him in June 2025. They also noted that although the dealership deducted a mileage charge from his deposit, they made up the shortfall. They also provided the dates during which Mr O was unable to use the car, for which they said he was refunded.

In January 2026, the investigator issued their view and recommended that Mr O's complaint should not be upheld. They concluded that the resolution offered by BHL was fair and reasonable in the circumstances.

Mr O did not accept the investigator's view and asked for his complaint to be referred to an ombudsman for a final decision.

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.

In considering what is fair and reasonable, I've thought about all the evidence and information provided afresh and the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider to have been good industry practice at the relevant time.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

Mr O complains about a hire purchase agreement. Entering into consumer credit contracts like this is a regulated activity, so I'm satisfied we can consider Mr O's complaint about BHL. BHL is also the supplier of the goods under this agreement, and is responsible for a complaint about their quality.

The Consumer Rights Act 2015 (CRA) is relevant in this case. It says that under a contract to supply goods, there is an implied term that "*the quality of the goods is satisfactory, fit for purpose and as described*". To be considered as satisfactory, the CRA says the goods need to meet the standard that a reasonable person would consider satisfactory, considering any description of the goods, the price and all the other relevant circumstances. The CRA also explains the durability of goods is part of satisfactory quality.

So, it seems likely that in a case involving a car, the other relevant circumstances a court would consider might include things like the age and mileage at the time of sale and the vehicle's history.

My starting point is that BHL supplied Mr O with a used vehicle that had travelled around 42,355 miles. With this in mind, I think it's fair to say that a reasonable person would expect the level of quality to be lower than that of a brand-new car with lower mileage, and that there may be signs of wear and tear that could impact its overall quality and reliability—so there would be an increased likelihood of unforeseen problems surfacing sooner than in a new vehicle.

That said, the car was priced at nearly £32,000, which isn't insignificant. So, I think it's fair to say that a reasonable person would still expect the car to offer a reasonable duration of use without major issues.

From the information provided, I'm satisfied there were faults with the car. Both parties have agreed that the turbo was not durable. I can also see that repairs were carried out to the glow plugs, and there were issues with the DPF. Having established that the car had a fault, I've considered whether it was of satisfactory quality at the time of supply.

In an email to the investigator dated September 2025, Mr O confirmed he accepted the offer from BHL but remained unhappy for the following reasons:

- He believes the monthly repayments should be refunded in full.
- The mileage charges applied by the dealership should be refunded in full.
- The loss-of-use payment should cover the full period from 14 April 2025 until the end of May 2025, not just 14 days.
- Further redress is appropriate for the stress, wasted time, and financial harm caused.

I've therefore considered the issues raised when assessing what the fairest outcome should be for Mr O.

Given that BHL upheld Mr O's complaint regarding the turbos—which were not durable—I think it's reasonable to conclude that the car wasn't of satisfactory quality when it was supplied to him. At this point, I don't think it's necessary to determine whether any of the other identified issues also made the car unsatisfactory, because this conclusion has already been reached from the failure of the turbos alone. What remains in dispute is how the matter should be fairly resolved.

Under the CRA, BHL was allowed an opportunity to repair the vehicle. This is because the turbo issue was established in December 2024, outside the initial 30-day period from supply. I recognise that Mr O raised other concerns about the mis-sale of the vehicle and additional faults. However, according to a timeline provided by BHL, these also occurred outside the first 30 days. BHL said they weren't afforded the opportunity to fully investigate and diagnose those issues because Mr O had already agreed to sell the car back to the dealership. In addition, based on the evidence provided, I can't see that an independent industry expert determined that the further issues—such as those with the brakes, DPF or glow plugs—made the car unsatisfactory, or that any of them were inherent at the time of supply.

I've also considered Mr O's claim that the vehicle was mis-sold to him because of modifications made before sale. BHL said the dealership wasn't aware of the modifications and therefore couldn't accept liability. A misrepresentation would require Mr O to have been told a false statement of fact that induced him into entering the agreement. I've also considered whether there could have been a misrepresentation by omission—whether something material wasn't disclosed that might have affected Mr O's decision. Having thought about this, I don't think there is enough evidence to say that Mr O wouldn't have entered into the agreement had he known the vehicle was lowered. The vehicle passed an MOT at the time of supply and was therefore roadworthy, so I don't consider Mr O would have decided against acquiring it.

Either way, it appears the outcome Mr O received was effectively a rejection of the car. BHL confirmed the dealership agreed with Mr O to buy the car back and to refund his deposit. However, from the emails provided, the dealership decided to deduct fair usage at a rate of 50p per mile.

Although Mr O disputes having to pay for usage, under the CRA, where goods are not of satisfactory quality and are being returned, a deduction for fair usage is considered fair and reasonable. In this case, BHL confirmed they made up the mileage deduction that the dealership applied to the initial deposit refund. This means Mr O hasn't been charged for usage in that way—only through BHL retaining the monthly repayments he made while he had use of the vehicle. I think this is fair in the circumstances.

Mr O says the car was collected on 10 April 2025, but he was charged up to the end of May 2025. In their file submission, BHL confirmed the agreement was settled on 16 May 2025. They also confirmed that Mr O was provided with a courtesy vehicle while his car was in for repairs in December and April. BHL refunded Mr O a prorated refund of 14 days to reflect the time his vehicle was in the garage. As it appears Mr O was provided with a courtesy vehicle, I think BHL acted reasonably in maintaining this refund.

Given that this was a separate arrangement between Mr O and the dealership (and not part of BHL's agreement to have the turbos repaired), I don't consider BHL liable for this. In addition, the return of the car was not a rejection under the CRA, but a result of an arrangement Mr O made with the dealership.

Despite Mr O deciding to sell the car back to the dealership, BHL agreed to support the facilitation of the buy-back. Given they no longer needed to arrange repairs, I think it was reasonable for them to do so.

The offer BHL made—and which Mr O accepted—was reasonable in the circumstances. BHL arranged for Mr O to receive a full refund of his deposit and ensured fair usage was applied by retaining only the monthly repayments for the period during which Mr O had the vehicle, rather than using the higher rate applied by the dealership.

BHL also paid Mr O £300 in compensation for the distress and inconvenience caused. Considering the impact of the failed turbos, I think this was reasonable in all the circumstances.

As I've considered that BHL have acted fairly in the circumstances, I don't require them to take any further action in relation to this complaint.

My final decision

My final decision is that I don't uphold Mr O's complaint about Black Horse Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 20 March 2026.

Benjamin John
Ombudsman