

## The complaint

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

## What happened

In April 2025, Mrs J acquired a used car through a hire purchase agreement with BHL. The car was around three years old and had travelled 31,940 miles at the point of supply. The cash price of the car was £23,298. A part-exchange shortfall of £1,450.05 from a previous vehicle was applied to the agreement. Mrs J was therefore due to make 48 repayments of £512.80, followed by a final repayment of £9,838.

Within a few months of acquiring the car, it broke down and was taken to a garage for repairs. A diagnostic test found that the gearbox and EVAP pipe needed replacing; however, only the EVAP pipe was replaced. Mrs J says she was told there were no issues with the gearbox.

In August 2025, BHL issued their final response to Mrs J's complaint, which they partially upheld. In summary, they accepted there was an issue causing a humming noise when the car was moving, but not the clunking noise when changing gears or the wheel-bearing issue. They confirmed the dealership had repaired the car. They added that a gearbox specialist had carried out a road test, found no gearbox issues, and instead diagnosed a faulty EVAP pipe—which was repaired. BHL offered a goodwill payment of £100 and reimbursement of £151.74 for the time Mrs J was without her car.

Unhappy with BHL's outcome, Mrs J brought her complaint to this service, where it was passed to one of our investigators.

Mrs J arranged for an independent inspection to be carried out on the car in August 2025. The report confirmed a new EVAP pipe had been fitted and noted loud clunky noises when changing gears in a static position, but no issues during a road test. It also noted that fault codes were present. The report concluded that they were unable to fault the vehicle other than identifying a high clutch biting point. It said the clutch condition required further investigation and suggested the wear and deterioration would likely have been present at the point of sale.

Mrs J said the report confirmed there were issues with the vehicle, so she wanted a full refund of the money she had paid, including £300 for the inspection and £168 for additional insurance. She said she had not been able to use the car since July 2025.

In October 2025, the investigator issued their view and recommended that Mrs J's complaint should be upheld. They concluded that the independent inspection identified a fault which required further investigation. So, the investigator recommended that BHL facilitate a rejection of the car, reimburse Mrs J for the inspection cost, and pay a further £100 compensation for the distress and inconvenience caused. The investigator later acknowledged that some negative equity had been included in the agreement, which Mrs J would still be liable for.

Mrs J accepted the investigator's view but questioned why she had to continue paying for the car.

BHL did not accept the investigator's recommendations. They said the issues identified could be caused by driving styles and argued that the fault codes did not confirm the car was of unsatisfactory quality.

### **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.

Mrs J complains about a hire purchase agreement. Entering into consumer credit contracts like this is a regulated activity, so I'm satisfied we can consider Mrs J'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.

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 Mrs J with a used car that had travelled around 31,000 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 due to its usage.

That said, the car was priced at £23,298, which isn't insignificant, and it wasn't a particularly old vehicle. So I think it is fair to say that a reasonable person would expect it to be usable without any major issues for a reasonable period of time.

From the information provided, I'm satisfied that there was a fault with the car. Neither party disputes that the EVAP pipe was faulty and required replacing. The independent inspection report also confirmed that a new EVAP pipe had been fitted, and it identified some fault codes as well as a clutch with a high biting point. Having accepted that the car had a fault, I've considered whether it was of satisfactory quality at the time of supply.

I've first considered the fault codes identified in the report. Fault codes indicate that the car is recording a potential issue. They can be helpful—when combined with other evidence—to

show what a fault might be. But a fault code in isolation, without anything else to consider, doesn't confirm that a fault exists. I've carefully thought about everything in the report and what Mrs J has said, but I haven't seen enough to persuade me that the fault codes alone confirmed a fault.

The main issue appears to be with the clutch, which Mrs J says could fail at any time if she continued driving the car. I've thought about this carefully, and I'm persuaded by the evidence that the condition of the clutch made the car of unsatisfactory quality.

The independent report concluded that the high biting point would require further investigation, and it also advised that they suspected it was the result of wear and deterioration.

The fact that the clutch may have been at a stage of some deterioration at the point of sale doesn't necessarily mean the car wasn't of satisfactory quality. That said, Mrs J had driven around 3,000 miles since supply, over roughly four months. The report considered the wear and deterioration the clutch would have been developing at the point of sale, so I'm satisfied Mrs J wouldn't have caused this in the short period she owned the vehicle as it was already present.

Although perhaps not inherently faulty, research suggests a high clutch biting point tends to indicate that the component is reaching the end of its life, which I don't consider reasonable given the purchase price of the vehicle when it was supplied to Mrs J. I am satisfied that the clutch wasn't supplied in a condition that was suitably durable. It follows that I don't consider the car was supplied in a condition of satisfactory quality.

Given that Mrs J had the car for some months before the issues were identified in the report, I acknowledge her concerns about continuing to use it. I think it would have been reasonable in the circumstances for BHL to carry out a further investigation at the time.

### **Putting things right**

As I've concluded that the car wasn't of satisfactory quality when it was supplied, BHL will need to put things right for Mrs J.

BHL already acknowledged the issue with the EVAP pipe and repaired it. However, the problem with the failing clutch remains, within only months of the car being supplied. So I've considered that the initial repairs didn't bring the car up to a satisfactory standard, and it follows that the car wasn't brought into conformity with the contract.

Under the Consumer Rights Act (CRA), Mrs J should be allowed to reject the car. So I'll be instructing BHL to facilitate this for her.

Mrs J says she hasn't used the car since July 2025, but the report didn't say the car was unsafe to drive, so she should continue making payments. However, she should receive reimbursement for the cost of the independent inspection and, in recognition of the distress and inconvenience caused, I agree with the investigator that an additional £100 in compensation—on top of what has already been offered—would be reasonable.

BHL is entitled to recover the amount lent to Mrs J for her negative equity. However, this should be reduced on a prorated basis, because the negative amount of £1,450 was applied to the monthly repayments, increasing them accordingly (as set out in the agreement). So BHL should calculate what Mrs J has already paid toward the negative equity and deduct this from the initial amount lent.

BHL should also ensure a suitable repayment plan is put in place, if Mrs J requires it, to support her repayment of the remaining balance.

### **My final decision**

My final decision is that I uphold Mrs J's complaint about Black Horse Limited and instruct them to:

- end the agreement and remove it from Mrs J's credit file;
- collect the car at no additional cost to Mrs J;
- reimburse Mrs J for the cost of the independent inspection report which identified a fault with the clutch;
- pay Mrs J an additional £100 in compensation for the distress and inconvenience caused; and
- BHL is entitled to receive the unpaid amount of any negative equity of a part-exchange that was applied to the agreement, although reasonable repayment options should be discussed with Mrs J to support her repayment of it.

Black Horse Limited should pay 8% yearly simple interest on all refunds and reimbursements calculated from the date of payment to the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs J to accept or reject my decision before 25 March 2026.

Benjamin John  
**Ombudsman**