

The complaint

Miss A complains about the quality of a used car she acquired through a hire purchase agreement with Black Horse Limited (Black Horse). Miss A says she has been sold a below expected quality vehicle as the engine has failed. She thinks this was due to a manufacturing fault and not due to wear and tear.

What happened

Miss A's complaint is about the quality of a car she acquired in March 2021. The car was used, and it was first registered in January 2019. So, it was about two years old when Miss A received it. It had covered 3,285 miles.

Miss A acquired the car using a hire purchase agreement that was also started in March 2021. The vehicle had a retail price of £13,920 and Miss A financed all of this. This agreement was to be repaid through 60 monthly instalments of £314.17 making a total to repay of £18,850.20. Miss A settled the agreement early in September 2023 and paid a total of £14,101.

In April 2025, Miss A complained to Black Horse about the quality of the car. Black Horse considered this complaint, and it didn't uphold it. It said that the faults with the car came about a long time after Miss A had acquired it, and after the finance had ended. It also noted that the garages that had worked on the car had said the problems wouldn't have been present at the time of sale. It didn't uphold Miss A's complaint.

Miss A didn't agree with this and brought her complaint to the Financial Ombudsman Service.

Our Investigator upheld Miss A's complaint. She said that the engine failure was likely to be premature and so the car wasn't of satisfactory quality. She thought that Black Horse should pay the difference in the amount Miss A received from the car when she sold it, which was £5,950. She also thought Black Horse should pay for the repair costs that Miss A had incurred trying to resolve the problems with the car, which were just under £3,000, and some alternative transport costs.

Black Horse didn't fully agree with the Investigator. It did agree that Miss A should be refunded the £5,950 she lost out due to the value of the car being reduced, as the car wasn't of satisfactory quality. But it said that the car had passed its MOTs over time and the third party garages had confirmed that the issues would not have been present at the time of sale. Also, as Miss A didn't take out a warranty, the repairs would be chargeable to her. So, it only agreed to fund part of the repair costs Miss A incurred and it didn't think Miss A should receive back any of the alternative transport costs.

There was some further correspondence, but no new issues were raised. Because Black Horse didn't agree, this matter has been passed to me to make 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.

I've read and considered the whole file, but I'll concentrate 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.

In considering what is fair and reasonable, I need to have regard to the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider was good industry practice at the relevant time.

The agreement under which the car was purchased in this case is a regulated hire purchase agreement – so we can consider a complaint relating to it. Black Horse as the supplier of the goods under this type of agreement is responsible for a complaint about their quality.

The Consumer Rights Act 2015 ('CRA') is relevant to this complaint. It says that under a contract to supply goods, there is an implied term that 'the quality of the goods is satisfactory'.

To be considered 'satisfactory', the goods would 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 car's history. The quality of the goods includes their general state and condition and other things like their fitness for purpose, appearance and finish, freedom from minor defects, safety, and durability can be aspects of this.

Miss A has complained about the quality of the car. Below is a summary of the issues complained about by her and the investigation and repair work that has been carried out by some garages, alongside what has happened in respect of the complaint.

Miss A says she first started experiencing engine management and warning lights (EML) with the car in 2024. These included a powertrain malfunction. They became more frequent in early 2025 and Miss A experienced a loss of power from the car on a busy road which she said caused her some distress. Miss A tried to repair the problems she was having with the car throughout 2025. All the parties to the complaint have seen the job sheets and invoices for the work, but briefly this is:

- In March 2025 a third party replaced the turbo vacuum hoses and solenoid at a cost of £260.
- In April 2025 a manufacturer's garage performed diagnostics due to the power train malfunction, it went on to refit a pipe to manifold vacuum at a cost of £186.55.
- In April 2025 the same manufacturer's garage found an intermittent engine fault and repaired an oil leak at a cost of £1,324.35. I've noted that the business has said it wasn't clear what the ultimate problem with the car would be, and this was a 'first repair required'.
- In May 2025 a third party garage performed some diagnostics at a cost of £35, this showed fault codes relating to the engine.
- In September 2025 a manufacturer's garage replaced the spark plugs and coil pack at a cost of £512.92.

- In October 2025 a manufacturer's garage performed a diagnostic, and it determined the car needed an engine and turbo replacement. This work cost of £668.05.

I've seen an estimate for the cost of the new engine and turbo, and this is over £8,000. This was more than the value of the car at the time. Miss A sold the car in November 2025 and realised a value of £1,650, the price was low as the car needed a new engine and turbo at this point.

I think it's established that the car wasn't of satisfactory quality due to the engine and the turbo failing at just over 55,000 miles. This is a premature failure and there is no indication the car hasn't been properly maintained. No party to the complaint has disagreed with this.

Because of this Black Horse has agreed to pay the loss in value of the car Miss A incurred due to it not working when she sold it, which is £5,950. It has also agreed to pay the repairs that took place in October 2025, of £668.05, as these determined that the car needed a replacement engine and turbo.

The remaining dispute is whether Black Horse should pay the other costs that Miss A incurred in 2025 repairing the car and for alternative transport when she was unable to use the car, up to the point the car was sold.

I think it's reasonable to say that all of the repairs and maintenance above are linked to the engine fault. And I think it's fair to say that Black Horse should refund them as Miss A wouldn't have paid them if the car was of satisfactory quality. And it's worth noting that Miss A did inform Black Horse about all of this at a relatively early point, it could have helped Miss A, and perhaps mitigated some of these costs, but it didn't want to do this.

I don't think it's relevant that Miss A didn't have an extended warranty. This doesn't mean she should be responsible for paying to repair goods that weren't of a satisfactory quality.

Black Horse has said that it was unlikely that the faults were present or developing at the time of sale. But I'm upholding the complaint on the basis that the engine has failed prematurely and so isn't as durable as it should have been, and I think this does make it likely that the car had a problem when it was supplied, albeit one that didn't manifest for a significant period of time.

Miss A incurred some alternative transport costs, and she's provided an invoice for these. I agree that, up to the point she sold the car, Black Horse should refund these. From the invoice she's provided these are £1,175.13. Again, Miss A kept Black Horse informed about this and it could have perhaps mitigated some of these costs but chose not to.

Miss A was inconvenienced on several occasions by having to take the car back and forth to a garage. She wasn't kept mobile. She has outlined how this caused her some distress and inconvenience, and I imagine it would have been very frustrating and stressful for the problems to keep re-occurring as they did, and to be told the car had eventually failed after spending a significant amount of money. So, I think the £250 suggested by our investigator for the distress and inconvenience she experienced is fair.

The main reason Black Horse doesn't think the compensation is right as it thinks this will lead to Miss A being better off. It's said that when the compensation amount is taken from what she paid under the finance then she will have paid a very modest amount for a car that provided reliable transport for a number of years.

Whilst I can see what Black Horse is trying to say here, the calculation it has made is based on the factually incorrect position that the finance amount is what Miss A has paid towards the car. But she did also pay for the repairs, and she did lose out due to the value of the car being lower than it should have been when it was sold, as Black Horse accepts. Added to this, I'm sure Miss A intended to keep the car and benefit from lower cost travel (from a finance free car) for the foreseeable future which she now can't realise. She's had to purchase another car. I don't think Black Horse's calculation reflects what happened here.

Because of this I don't think Black Horse's calculation, and the assumptions it is based on are fair, I think the conclusion it is intended to support also do not fairly reflect the situation. Overall, I think the compensation our Investigator recommended is fair.

Putting things right

I uphold this complaint and Black Horse should now:

- Refund £5,950, which is the difference between the average trade value of the car and the sale price Miss A was able to obtain.
- Refund Miss A's alternative transport costs (the hire car), up to the sale of the car, I understand these are £1,175.13.
- Refund Miss A £2,986.87 for repair costs which have been incurred as a result of the inherent quality issues with the car.
- Pay 8% simple yearly interest on all refunded amounts from the date of payment until the date of settlement*.
- Pay a further amount of £250 for any distress or inconvenience that's been caused due to the faulty goods.

*HM Revenue & Customs requires Black Horse to take off tax from this interest. Black Horse must give Miss A a certificate showing how much tax it's taken off if she asks for one.

My final decision

For the reasons I've explained, I uphold Miss A's complaint.

Black Horse Limited should put things right by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 10 April 2026.

Andy Burlinson
Ombudsman