

The complaint

Mr N has complained that Black Horse Limited has treated him unfairly following the termination of his finance agreement with it.

What happened

Mr N entered into a car finance agreement with Black Horse. However, it was agreed the car should be rejected, as it wasn't of satisfactory quality. But Mr N feels Black Horse has acted unreasonably by retaining an unfair charge for usage, for the period he had the car.

One of our investigators looked into what had happened. He could see that Black Horse had accepted rejection of the car. As part of this process, it ended the finance agreement, collected the car, offered to refund Mr N's payment for the 33 days he couldn't use the car, and offered £200 compensation. However, it also retained a sum to represent fair usage of the car, based on the mileage travelled. He thought this was fair, as Mr N had use of the car, so should pay for this.

Our investigator also considered Mr N's additional expenses. These were: £137, which was what Mr N had paid to re-gas the air conditioning; and £80, which Mr N had paid to retain his cherished plate. As regards the £137, our investigator was satisfied the dealership had already agreed to refund this, so didn't think Black Horse also needed to do so. As regards the £80 retention fee, he agreed that this was a consequential loss, so should be refunded. He also thought that any admin fee Mr N had incurred for cancelling/transferring his motor insurance policy was a consequential loss, so should be refunded. Black Horse confirmed it had already offered to refund such consequential losses, if evidence was provided of them being incurred.

Mr N disagreed. He said the correct legal remedy for rescission of a contract is a full refund of all monies paid. Further, he said the dealership had offered him a better deal, which Black Horse had advised him to reject. Nor did the £200 compensation reflect the prolonged distress and inconvenience caused.

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'm satisfied that what Black Horse has offered is fair. I'll explain why.

It's not in dispute that the car was faulty, and Mr N exercised his right of rejection. The starting point for this is a refund (either full, or partial). What is in dispute is whether the sum Black Horse is retaining for usage is fair. And, I think it is. Mr N feels that only a reasonable deduction for wear and tear is allowed. But, I'm satisfied that Black Horse has calculated this by taking into account the mileage travelled. This is reasonable, and what is typically done across the industry, as a means of determining the depreciation of a vehicle. Black Horse calculated this at a rate of 35p a mile, which is also what the dealership had proposed – so I disagree that it offered Mr N a worse deal than the dealership did. And again, 35p per mile is

a typical industry rate, and I don't consider it to be excessive or unreasonable. Mr N has had full use of the car, except for the days Black Horse has already said it is refunding him for. So, it's fair and reasonable that he should pay for this, and that Black Horse has used a standard approach to calculate the sum.

As regards the air conditioning, I'm satisfied the dealership already agreed to refund this, so I don't agree that Black Horse should also have to do so. However, if the dealership does not make this refund, I'd expect Black Horse to step in and assist Mr N.

I turn now to consequential losses. Black Horse agreed to cover these, upon proof of them having been incurred. These have been identified as any admin fee Mr N has paid to cancel his motor insurance policy, or transfer it to another vehicle, and the fee for retaining his cherished plate. I agree these are consequential losses, as they have only been incurred because he's had to return an unsatisfactory car.

As regards the distress and inconvenience caused, I'm satisfied that £200 is fair. I consider Black Horse to have done what it should have to put things right, but the matter has been upsetting and time-consuming, given Mr N had to try to get things sorted out. Although it's not an exact science, I think £200 is fair to reflect this.

My final decision

It's my final decision that Black Horse Limited's offer is fair. For the avoidance of doubt, this includes any insurance admin fee and charge for retaining the cherished plate (adding 8% simple interest from the date each was incurred until the date of payment), upon receiving proof of Mr N incurring these sums.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 18 May 2026.

Elspeth Wood
Ombudsman