

The complaint

Mr A complains that a car acquired with finance from Black Horse Limited ('Black Horse') wasn't of satisfactory quality.

Mr A is represented in this complaint by his solicitors, but for ease of reference I have referred to Mr A throughout this decision.

What happened

In August 2023 Mr A was supplied with a car and entered into a hire purchase agreement with Black Horse. At the point of supply the car was around two years old and had covered around 21,000 miles.

Mr A experienced some issues with the car. Soon after acquiring the car, Mr A noticed the vehicle was not charging as expected and warning lights had appeared on the dashboard. Mr A returned the vehicle for repairs and complained to Black Horse in September 2023.

Black Horse issued its final response in October 2023, and it upheld the complaint. To put things right, Black Horse offered £497.30 for the loss of use Mr A experienced over 52 days, 8% statutory interest and £200 in recognition of the distress and inconvenience this caused.

Mr A was unhappy with the compensation offered, amongst other things he expressed his concerns that he hadn't been able to work as a taxi driver since the beginning of August and he wanted to be compensated for loss of income.

Mr A referred his complaint to this Service. Our Investigator looked into things and didn't think Black Horse needed to do anything more to put things right. Mr A didn't agree and so the complaint 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.

The hire purchase agreement entered by Mr A is a regulated consumer credit agreement and this Service is able to consider complaints relating to it. Black Horse is also the supplier of the goods under this type of agreement and responsible for a complaint about its quality.

The Consumer Rights Act 2015 (CRA) covers agreements like the one Mr A entered. Because Black Horse supplied the car under a hire purchase agreement, there's an implied term that it is of satisfactory quality at the point of supply. Cars are of satisfactory quality if they are of a standard that a reasonable person would find acceptable, taking into account factors such as the age and mileage of the car and the price paid.

In its response to Mr A's complaint Black Horse said the faults occurred within the first 30 days so it considered the faults were present at the point of sale. Because Black Horse has accepted the faults were present at the point of Mr A acquiring the car I don't propose to comment further on the quality of the car. Instead, I'll focus on whether the redress offered to

Mr A is fair and reasonable.

From the information I have, the repairs have been successful, I've not seen any evidence to suggest they weren't. Having said that, Mr A says he should be compensated further, including loss of earnings, the fee he incurred for a vehicle license appointment, the cost of fuel used by his daughter and £500 distress and inconvenience. This is in addition to what Black Horse has already offered.

Mr A experienced the fault with the car within weeks after the point of supply. The car was repaired under warranty, but Mr A was without the use of his car for 52 days. Mr A asked Black Horse to consider his loss of earnings as part of the redress for his complaint. But Black Horse advised it was unable to increase its original offer as Mr A had entered into a personal agreement for the use of social purposes and not for business. I've thought about this, and I won't be asking Black Horse to compensate Mr A for his loss of earnings.

I say this because Mr A says he intended to use the car as a taxi, and I don't dispute this. But he hasn't been able to demonstrate his lost earnings, so it isn't possible to consider this. It's also fair to say this Service would expect a consumer to take steps to mitigate financial losses by (for instance) hiring an alternative vehicle. Under these circumstances this Service would normally recommend Black Horse refund Mr A for the time he had not been able to use the vehicle, but I can see it has already done this.

Mr A would also like Black Horse to increase its offer of distress and inconvenience. I've considered the award already offered in the context of this Service's general approach to distress and inconvenience. I believe the £200 offered is consistent with the awards we would normally make in similar circumstances, so I won't be asking Black Horse to make a higher payment. It's clear Mr A has been impacted as a result of being supplied with a vehicle which wasn't of satisfactory quality. But I think the £200 already offered fairly reflects the distress and inconvenience Mr A would've suffered.

Mr A would also like to be compensated for other costs he's incurred as he's been unable to use the car. But I'm not persuaded Mr A wasn't able to rearrange his vehicle licencing appointment, nor will I be asking Black Horse to reimburse Mr A for his daughter's fuel.

I have no evidence to demonstrate the fuel was solely used for Mr A and it's fair to say Mr A would've paid for charging of the vehicle had he been using his vehicle or for fuel during this time had he been using an alternative courtesy car. It follows I won't be asking Black Horse to do anything further to put things right.

My final decision

Black Horse Limited has already offered £703.05 in settlement of the complaint.

As I think that's fair in all the circumstances, I don't require Black Horse Limited to do anything more other than to pay this amount if it hasn't already done so to put things right.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 25 December 2024.

Rajvinder Pnaiser
Ombudsman