

Complaint

Mr L complains that when he requested to refinance the balloon payment at the end of his hire purchase agreement Black Horse Limited said this option was no longer available.

Background

Mr L entered into a finance agreement with Black Horse in 2016 to acquire a motorcycle. He says that at the time Black Horse provided a facility where the motorcycle could be refinanced at the end of the agreement. He says he entered into the agreement on this basis.

In May 2019, ahead of the agreement end in August 2019, Mr L contacted Black Horse to arrange the refinancing but was told this facility had been removed around six months prior. Mr L says Black Horse changed the conditions on which he had entered into the agreement and refused to refinance his motorcycle even though he says this option is still common amongst the industry.

Mr L says he wasn't told about the change at the time it took place and so wasn't given the chance to refinance at that time. He says has had a material impact on his financial position.

Black Horse says that the option to refinance the balloon payment wasn't part of Mr L's terms and conditions and that due to a policy change this offer was no longer available to its customers. It says that when this offer was available it was subject to affordability and credit checks.

Our investigator didn't uphold this complaint. She said that the option to refinance the balloon payment wasn't in the terms and conditions of Mr L's agreement. Because of this she didn't think Black Horse had made a mistake by no longer providing this option. She also didn't think Black Horse was required to notify Mr L of the policy change.

Mr L didn't accept our investigator's view. He didn't think that Black Horse had acted fairly towards him. He said that when he entered into the agreement he was offered the option to refinance to the balloon payment on his motorcycle but this offer was withdrawn while he was in the agreement. He said that the offer to do this was still available on cars. Mr L also said that his terms and conditions prevented him from accessing other finance as he wasn't the owner of the motorcycle. He said the situation meant he had to withdraw funds from his pension plan to make the final payment and this had affected the projected income of that plan.

My findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Mr L entered into a finance agreement with Black Horse in 2016 to acquire a motorcycle. The agreement contained a final repayment amount, referred to as the balloon payment, of over £10,000. I have looked through the terms and conditions of the agreement and these set out the options available when the agreement reaches the final payment. These options do not include an option to refinance the agreement. Therefore I agree that based on the terms and conditions Black Horse hasn't done anything wrong by not providing this option to Mr L.

Mr L says that when he entered into the agreement the option to refinance was available and that this was relevant in his decision to enter into the agreement. He has said this option was common among the industry and says this is still the case. Mr L believes he has been treated unfairly by this option being removed and by him not being informed at the time of the removal so that he could have refinanced at that time.

For me to uphold this complaint I have to be satisfied that a mistake has been made or that Mr L has been treated unfairly. I understand why Mr L feels he should have been told about the change in policy Black Horse made. But there wasn't a change to the terms and condition of Mr L's agreement. While Black Horse has said it did offer this option in certain circumstances subject to affordability and credit checks, based on the information provided I do not find I can say this is something that Mr L could or should have relied on being available. Therefore when the policy changed I do not find that Black Horse was required to contact Mr L about this.

I understand that Mr L is upset that an option he thought would be available at the end of the agreement wasn't but it is not my role to say that Black Horse has to make this option available. I appreciate his comments about him being offered it at the outset but without further evidence of this I do not find I can say I have enough to say he was misled into entering into the agreement. The options set out in the agreement are clear and I have nothing to suggest Mr L has been treated differently to other customers or in a way that is different to the standard terms. Therefore I do not find I can say he has been treated unfairly in this case.

I appreciate the comments Mr L has made about the financial impact of the options at the end of the agreement but these were clearly set out in the agreement. So while I acknowledge he thought an alternative option would be available I do not find that it was reasonable for him to rely on this and I cannot say Black Horse is responsible for any financial impact Mr L has suffered through his decision of how to fund the final repayment amount.

Overall, I understand why Mr L is upset and I note his comments about the restriction in the agreement. However the agreement is clear in regard to who owns the motorcycle and the options available both at the end of the agreement and in regard to early termination. So while I appreciate Mr L is upset that he didn't have the refinance option available, I cannot say that this would have been available (as it was subject to conditions) without the policy change and I do not find I can say Black Horse has done anything wrong by no longer having this option available. Because of this I do not find I can uphold this complaint.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 29 February 2020.

Jane Archer
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