

The complaint

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

What happened

In March 2023 Mr G was supplied with a car and entered into a hire purchase agreement with Black Horse.

Mr G experienced issues with the car's battery malfunctioning. The supplying dealer agreed to a rejection of the car. Mr G returned the car, and the finance agreement was ended.

Mr G received the following refund:

Deposit/part exchange contribution of £5,710.73, which was less the settlement figure of the part exchange and the dealer contribution of £500.

£4.00 statutory interest on the above

£150 distress and inconvenience

Mr G complained to Black Horse. He was unhappy that he hadn't been refunded the promotional voucher amount of £500 which he'd used towards the purchase of the car. He was also unhappy that he hadn't been compensated for his consequential losses.

Black Horse didn't uphold the complaint, so Mr G referred it to this service.

Our investigator didn't uphold the complaint. She said that she didn't think Black Horse had acted unfairly by not refunding the £500 voucher because this was a dealer contribution and not something which Mr G had paid. In relation to Mr G's consequential losses, the investigator explained why she thought Black Horse's decision not to compensate Mr G for these was fair.

Mr G didn't agree. He said he shouldn't have been let out of pocket in a situation where he'd been supplied with a car which wasn't of satisfactory quality. Mr G said the compensation he'd received was insufficient. In relation to the £500 voucher, Mr G said he'd never been told that it was a voucher but understood that it was a part exchange incentive offer.

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.

There's no dispute that the car supplied to Mr G wasn't of satisfactory quality. A rejection was agreed and the finance agreement has ended. Therefore, I won't be commenting on the quality of the car. Instead, I'll focus on what's a fair resolution to Mr G's complaint, having regard to the specific points Mr G has raised.

£500 voucher

Mr G has told this service that he was told by the dealer that he would get an extra £500 off the price of the car if he part exchanged. Mr G says that this incentive wasn't mentioned in the sales invoice or the finance agreement.

Black Horse has provided a copy of the part exchange invoice. This shows an entry of a £500 contribution by the dealer. Based on what I've seen, I'm satisfied that the dealer contributed £500. There's nothing to suggest that this contribution was paid by Mr G.

Mr G has said that he wasn't aware of the terms and conditions of the dealer contribution. I've reviewed the terms and conditions. These say:

"If, for any reason, you cancel the purchase of the car and we are unable to return your part exchange to you, you will only be entitled to be paid the valuation figure, excluding the additional £500 applied by using the voucher".

Even if Mr G wasn't aware of the terms of the dealer contribution, I can't see any basis for asking Black Horse to refund the dealer contribution to him. Mr G hasn't paid the £500, and hasn't suffered a loss in respect of it, so it isn't money that should be refunded to him.

Because of this, I'm unable to say that Black Horse has acted unfairly by not refunding the £500 to Mr G.

Consequential losses

Mr G has told this service that he incurred mileage expenses in collecting the car from the dealer. He's said that if he hadn't travelled to collect the car, he would've incurred delivery costs. I appreciate that the purpose of Mr G's journey was to collect the car and I understand his frustration that the car turned out to be of unsatisfactory quality. I understand why Mr G seeks his mileage expenses but I'm of the view that this is better approached as part of the compensation for distress and inconvenience, which I shall comment on later.

Mr G seeks interest on the amount of funds he was deprived of from 31 March 2023 to 2 May 2023. I haven't seen any evidence to suggest what (if any) rate of interest Mr G was getting on those funds prior to using them to purchase the car. Further, it's reasonable to assume that Mr G intended to use those funds to purchase a vehicle rather than saving the money. In other words, he would have used the funds to purchase a vehicle in any event. For this reason, I'm not persuaded that this can be considered as a consequential loss.

Mr G seeks compensation for the loss of a vehicle suitable for his work requirements. He says that he borrowed a family member's car which wasn't suitable for his needs. He says that if he'd hired a suitable car this would have cost £1873. Mr G says the only reason he didn't hire a car is because he thought his refund would be sorted out quickly. I appreciate that the car which Mr G borrowed from a family member may not have been what he would have chosen himself for his needs. Again, I think this is better approached as part of the compensation for distress and inconvenience. Because Mr G didn't hire a car, I'm unable to consider a refund of expenses for or equivalent to car hire costs.

Mr G seeks compensation for the time he's spent trying to resolve the issues which occurred with the car, and for the time he's spent reading consumer legislation. I haven't seen any evidence to suggest that there was unreasonable delay by Black Horse in resolving the matter, nor have I seen anything to suggest that Mr G was required to read the relevant legislation. I appreciate that he chose to do so and I understand that this may have taken up some of his time. I've considered this as part of the compensation for distress and

inconvenience.

Mr G has said that he incurred a cost of £49.72 to change his insurance when he purchased the car. I've reviewed the available evidence but although I can see a debit from Mr G's bank account which he says relates to the insurance, I haven't seen evidence that the insurance was changed. There isn't enough evidence for me to require Black Horse to refund this.

I understand that this has been a frustrating experience for Mr G and it's clear that he's suffered a degree of inconvenience as a result of being supplied with a car which wasn't of satisfactory quality. I've taken into account the fact that he collected the car, that he had to arrange alternative transport and that he had to spend time trying to resolve things. Having considered everything, I'm of the view that the amount of compensation already offered by Black Horse is fair and reasonable, and in line with what this service would award. Because of this, I won't be asking Black Horse to pay further compensation.

Finally, and for clarification, although I'm not upholding Mr G's complaint, Black Horse has agreed that it should have paid 8% interest on the total refund of £5611.73, and not just on the deposit made by Mr G. Black Horse has confirmed to this service that it will arrange for a further payment in respect of this interest to be made to Mr G upon closure of this case. For the avoidance of doubt, Black Horse should calculate the outstanding interest and pay this to Mr G now.

My final decision

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 2 January 2024.

Emma Davy
Ombudsman