

The complaint

Miss C complains that a car acquired with finance from Moneybarn No 1 Limited wasn't of satisfactory quality.

What happened

In November 2018 Miss C was supplied with a car and entered into a conditional sale agreement with Moneybarn.

Miss C experienced issues with the gears within the first few days. She contacted the supplying dealer and the car was taken to a garage for diagnostic tests, but no faults were found. The garage cleared the fault codes and told Miss C the car was fixed. The issue occurred again the next day, so Miss C took the car back to the garage. The garage said it had taken the car to a gearbox specialist but that no faults had been found.

Miss C continued to experience the issues. She complained to Moneybarn, who arranged an independent inspection of the car. The engineer road tested the car and found excessive hesitation between gear selection. He concluded the fault would've been developing at the point of supply and said that the attempted repairs had been unsuccessful.

Moneybarn told the supplying dealer what the engineer had concluded. The supplying dealer said the lagging whilst changing gears was a characteristic of the car. Moneybarn asked Miss C to have the car inspected by a main dealer. The main dealer found no faults but said that new software might make a difference.

Based on what the main dealer said, Moneybarn rejected Miss C's complaint. It said the issue was a characteristic of the car.

Miss C remained unhappy and complained to this service.

Our investigator upheld the complaint. He said the car had a fault at the point of supply which made it of unsatisfactory quality. He said there had already been one attempt at repair which was unsuccessful so Miss C should be allowed to reject the car. He said Moneybarn should refund 50% of all monthly payments made by Miss C and pay £150 compensation for distress and inconvenience.

Initially Moneybarn and Miss C accepted the view. However, there was a delay in Moneybarn collecting the car, which meant Miss C had to make further monthly payments. Miss C wants these refunded in full, not at 50%. The investigator agreed but Moneybarn didn't respond so I've been asked 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.

Because Moneybarn has already accepted a rejection of the car and made a settlement payment to Miss C, I won't be focussing on whether the car was of satisfactory quality.

Instead, I'll look at whether the last two payments made by Miss C should be refunded in full, as this is the only outstanding issue.

Miss C says the only reason she had to make monthly payments in January and February 2020 was because of the delay by Moneybarn in collecting the car once it had accepted the rejection.

Moneybarn hasn't explained why there was a delay in collecting the car and paying the settlement.

I can see that after Moneybarn accepted the rejection, Miss C told them the car had suffered some damage which was the subject of an insurance claim and which was being repaired. I've thought about whether this caused delay, but I have seen any evidence to suggest that it did.

On balance I don't think the rejection and collection of the car was acted upon by Moneybarn within a reasonable time. As a result, Miss C has had to make two further monthly payments which she wasn't expecting to have to make. If the collection had been arranged sooner, she wouldn't have had to pay these, so I think it's fair to ask Moneybarn to refund these last two payments in full.

Putting things right

To put things right, Moneybarn should refund Miss C's last two payments in full.

My final decision

My final decision is that I uphold the complaint. Moneybarn No1 Limited must refund Miss C's last two payments in full (with credit to be given for any element of those payments already refunded)

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 31 August 2021.

Emma Davy
Ombudsman