

The complaint

Miss L complains that a car that was supplied to her under a conditional sale agreement with Moneybarn No. 1 Limited wasn't of satisfactory quality.

What happened

A used car was supplied to Miss L under a conditional sale agreement with Moneybarn that she signed in November 2019. She contacted the dealer about some power issues and then complained to Moneybarn about those issues in January 2020. It arranged for the car to be inspected by an independent expert later that month but no fault was found.

Miss L continued to have issues with the car and says that the issues became more persistent from June 2020 and that the car then started to regularly break-down and had to be recovered. She complained to this service and our investigator recommended that her complaint should be upheld. He thought that the car wasn't of satisfactory quality when it was supplied to Miss L and that she should be able to reject it.

Miss L provided further information in January 2021 about the car breaking down and she says that the recovery service told her not to drive the car. Our investigator recommended that Moneybarn should: end the agreement and collect the car; refund Miss L's deposit, 20% of rentals from January 2020 to January 2021 and all rentals after that (all with interest), pay her £200 for any trouble and upset caused; and remove any adverse information from her credit file in relation to the agreement.

Miss L has accepted those recommendations, though she's described the difficulties that she's likely to have in getting another car on credit and says that the compensation for her trouble and upset should be higher but Moneybarn hasn't responded to the investigator's that were made in December 2020 or January 2021.

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 agree with the conclusions reached by the investigator for these reasons:

- Moneybarn, as the supplier of the car, was responsible for ensuring that it was of satisfactory quality when it was supplied to Miss L - whether or not it was of satisfactory quality at that time will depend on a number of factors, including the age and mileage of the car and the price that was paid for it;
- satisfactory quality also covers durability which means that the components within the car must be durable and last a reasonable amount of time – but exactly how long that time is will also depend on a number of factors;
- the car that was supplied to Miss L was about six years old, had been driven for 74,793 miles and had a price of £4,600;

- the car was supplied to Miss L in November 2019, she contacted the dealer about power issues and complained to Moneybarn about those issues in January 2020;
- it arranged for the car to be inspected by an independent expert in January 2020 but no fault was found so Miss L continued to use it and continued to have issues with it – she says that those issues became more persistent in June 2020 and that the car then started to regularly break-down;
- she's continued to use the car and it broke down in January 2021 – the recovery service's report records the car's mileage as 81,380 and says: *"cut out roadside, lost all power and wouldn't re start, engine turning not firing, has had several issues for same fault, coil pack and crank sensor have been replaced recently, ... scan showing issue with crank sensor but live data showing rpm signal, suspect wiring or ecu issue, recovered to home address, will need further investigation at garage";*
- I consider it to be more likely than not that there was a fault with the car's power when it was supplied to Miss L and that the car wasn't of satisfactory quality at that time because of that issue; and
- I find that it would be fair and reasonable in these circumstances for Moneybarn to allow Miss L to reject the car.

Putting things right

I find that it would be fair and reasonable for Moneybarn to end the conditional sale agreement and arrange for the car to be collected from Miss L – both at no cost to her. I find that it should also remove any adverse information about the agreement that it's recorded on her credit file.

The agreement and sales invoice show that Miss L paid a deposit of £100 for the car. I find that it would be fair and reasonable for Moneybarn to refund that deposit to her, with interest.

Miss L was able to use the car to drive about 6,500 miles between November 2019, when it was supplied to her, and January 2021, when she was told not to drive it. – but her use and enjoyment of the car will have been impacted by the issues with it. I agree with the investigator that it would be fair and reasonable for Moneybarn to refund to Miss L 20% of the monthly payments that she made under the agreement for the period from January 2020, when she complaint to it, to January 2021, with interest, to compensate her for that loss of use and enjoyment.

I find that it would also be fair and reasonable for Moneybarn to refund to Miss L all of the monthly payments that she's made under the agreement since then, with interest, as she's been told not to use the car. I consider that it's fair and reasonable for Moneybarn to keep the rest of the payments that she's made as payment for the use that she's had from the car.

I sympathise with Miss L for the issues that she's had with the car and for the other difficulties that she's described. It's clear that these events have caused her distress and inconvenience. I find that it would also be fair and reasonable for Moneybarn to pay her £200 to compensate her for that distress and inconvenience. I'm not persuaded that a higher award of compensation is justified in these circumstances.

My final decision

My decision is that I uphold Miss L's complaint and I order Moneybarn No. 1 Limited to:

1. End the conditional sale agreement and arrange for the car to be collected from Miss L – both at no cost to her.

2. Refund to Miss L the deposit that she paid for the car.
3. Refund to Miss L 20% of the monthly payments that she's made under the agreement between January 2020 and January 2021.
4. Refund to Miss L all of the monthly payments that she's made under the agreement since then.
5. Pay interest on the amounts at 2, 3 and 4 above at an annual rate of 8% simple from the date of each payment to the date of settlement.
6. Ensure that no adverse information about the agreement is recorded on Miss L's credit file.
7. Pay £200 to Miss L to compensate her for the distress and inconvenience that she's been caused.

HM Revenue & Customs requires Moneybarn to deduct tax from the interest payment referred to at 5 above. Moneybarn must give Miss L a certificate showing how much tax it's deducted if she asks it for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss L to accept or reject my decision before 25 March 2021.

Jarrold Hastings

Ombudsman