

The complaint

Mr A complains about the quality of a car he has been financing through an agreement with Moneybarn No. 1 Limited ("Moneybarn").

What happened

The details of this complaint are well known to both parties, so I won't repeat them again here. Instead I'll focus on giving my reasons for my 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.

I know it will disappoint Mr A, but I agree with the investigator's opinion. Please let me explain why.

Where the information I've got is incomplete, unclear or contradictory, as some of it is here I have to base my decision on the balance of probabilities.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

Mr A acquired his car under a conditional sale agreement. This is a regulated consumer credit agreement and as a result our service is able to look into complaints about it.

There's no dispute that the car wasn't of satisfactory quality. Moneybarn have accepted that and the car has been returned and the agreement ended. What's disputed here is the redress Moneybarn have offered when agreeing to allow Mr A to reject the vehicle.

The relevant legislation says that when there's a fault with a car at the point of supply and repairs fail, the business should allow a consumer to reject the car. In those circumstances we would ask the business to end the agreement, take the car back and refund the consumers deposit. We'd ask the business to add interest to the deposit refund to reflect the fact the consumer had been deprived of it for a time. So far, so good, as that's what Moneybarn have done here.

The relevant legislation also says that the business are entitled to retain part or all of the finance instalments in respect of the use the consumer has had from the goods. Moneybarn have retained two monthly finance instalments as they've noted Mr A has completed about 4,500 miles in the car.

But Mr A has explained that the mileage listed on the agreement must be inaccurate as it was 400 miles more on the MOT completed about three months before the car was supplied to Mr A. I'd agree, on that basis, that it seems the car's mileage was understated on the

finance agreement, but I've not been provided with any evidence of what it actually was. It's clear Mr A has completed some mileage and it's only fair he should pay for the use he's had.

Putting things right

In the absence of any more definitive information I think a reasonable resolution would be for Moneybarn to retain one monthly finance instalment and refund the other of £748.53. They'll need to add interest to that refund as Mr A has been deprived of that money.

My final decision

For the reasons I've given above I uphold this complaint in part and tell Moneybarn No. 1 Limited to refund one monthly finance instalment of £748.53 and add 8% simple interest per year from the date of payment to the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 27 October 2021.

Phillip McMahon
Ombudsman