

The complaint

Mr W is complaining because when handing back the car he acquired from Moneybarn Limited, he was told it had accident damage. He says he hadn't had an accident, so was unhappy that he'd been supplied a car with accident damage, and that he was potentially being charged for this damage.

What happened

Mr W entered into a conditional sale agreement with Moneybarn in April 2018. He had contacted them himself to see if they could arrange finance for a car for him, and they had given him their criteria for cars they would be able to provide finance for. He then sourced the car himself, and the agreement was drawn up by Moneybarn. It was over 60 months, with payments of just over £600 a month.

In 2020, Mr W began to discuss voluntarily terminating the agreement as his financial circumstances had changed. He proceeded with this in January 2021, and when the car was collected, the collecting agent said there was evidence of damage to the bonnet and other parts of the car that looked like accident damage and would fall outside of acceptable wear and tear.

Mr W was upset because he said he'd not had an accident, so was surprised the car must have had an accident before he had acquired it. Initially, Moneybarn said the damage costs would be around £1800, and this was still owed, as well as around another £1800 which was because Mr W had taken a 3 month payment holiday, so these payments remained due.

However, they said that rather than expect him to pay the damage charge to get the car repaired, it was more economically viable for them to sell the car as it was, and see if the proceeds of the sale meant they didn't need to make the full damage charge.

A few days later, they confirmed to him that he was only required to pay the £1800 for the payment holiday payments he hadn't made, and there was no charge for repairs.

Mr W had already complained to the business. He was unhappy at the service Moneybarn had provided him, he didn't think he should be liable for any damage charges, and he felt he was mis-sold the vehicle because it was damaged.

Moneybarn responded in September 2021, saying that the choice of car had been Mr W's, and it was his responsibility to carry out relevant checks. They said they had a HPI check which confirmed the car had not been an insurance write off. They also said that they had now sold the car so there were no repair charges outstanding for the damages, and therefore the only money still owed was for the payment holiday payments. They did uphold his complaint about their customer service however, recognising delays in replying to him, and reduced £100 from the balance he owed them in respect of this.

Unhappy with this, Mr W asked our service to get involved. An investigator here looked at the case and gave their view that Moneybarn didn't need to do any more. They said that they didn't feel Moneybarn were obliged to inspect the car before it was acquired by Mr W for

damage, and that any concerns Mr W had were retrospective; he said he only became aware of the damage when the car was collected at the end of his agreement, so it hadn't caused any actual impact to him or his use of the car. And he hadn't been charged for it, so Moneybarn had acted fairly.

This response also noted that customer service isn't something within our remit to make a finding on, but the investigator was glad to note Moneybarn had made a £100 offer for their failings here. Mr W was unhappy with this response and asked for an Ombudsman to reconsider his case. He said he thinks it's unfair that the car was inspected at the end of the agreement but not the beginning. He also reiterated that he felt the service and communication he had received from the business was poor and that he felt they were trying to "con him out of money" at the time for something that wasn't his fault.

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.

Whilst I appreciate Mr W's unhappiness at the service he received from Moneybarn, it's not within my remit to deal with the service a business provides when complaint handling, which is where the delays occurred.

I also can't consider hypothetical problems; Mr W is upset that he used the car to drive his children around, and it might not have been safe. There were no issues Mr W made us aware of that occurred, and he told us he only became aware of the accident damage when the car was being collected at the end of the agreement.

Similarly, he had already made the decision to voluntarily terminate the finance agreement for his own reasons due to a change in his financial circumstances. So, finding out that the car was damaged had no impact on this choice; there was no consideration to continuing the agreement and owning the car at the end. He'd already decided not to do this.

Financially, the business has not made any charge for damages to the car. They explained in a letter on 28 January 2021, that the cost to repair the damages would be £1861, and rather than complete those repairs and bill Mr W, they would sell the vehicle as it was at auction, to see if they could achieve a better outcome for Mr W meaning they could reduce the final amount he owed them.

This is what they did, and a week later on 4 February 2021, they wrote to him confirming the only money he needed to pay was £1809.87 for the payments he hadn't made when he took a payment holiday. So, he had to pay nothing towards the cost of those damages. In effect, the problem which had concerned him when the car was collected on 21 January 2021, had been dealt with. By 4 February 2021, there was no financial impact on Mr W from this issue about accident damage.

I completely understand how Mr W would feel, and how the whole thing has left a bad taste in his mouth. But I have to focus on the facts, and the actual impact on him. There is no evidence that the accident damage occurred either before Mr W owned the car, or whilst he owned it. There is also no reason to think Mr W isn't telling the truth. Many cars have had accidents and are re-sold on having been repaired to different levels of quality, and it does fall upon the person acquiring the car to assess it and decide whether to proceed. There is no requirement for the business to assess the car themselves prior to setting up the finance agreement. However, if a car was supplied with any defects which ended up causing repair costs or reducing the value of a car that became owned by the consumer, then there may be grounds for a complaint. But in this case, this doesn't apply, because there has been no

financial impact to Mr W.

The car presumably passed its MOT tests while Mr W was in possession of it for 2.5 years, and he travelled around 28,000 miles in the car before ending the agreement. The car was roadworthy.

Whilst I appreciate Mr W wouldn't have wanted the car if he'd known there was any accident damage, the damage hasn't caused him any financial loss, and didn't cause him any upset or distress while he used the car. He also didn't have to make any repairs to make the car roadworthy. When he's ended the agreement, the damage discovered hasn't caused him any financial loss. On this basis, I can't agree that he should be due any compensation here.

The money owing in respect of the payment holiday hasn't been challenged by Mr W, and would always have needed paying. I am satisfied this was correct and communicated correctly by the business.

The customer service he has received from Moneybarn after ending his agreement isn't something that's within my power to make a finding on. They have apologised and offered him £100 themselves for this, which I was pleased to see.

Overall, whilst I understand Mr W's frustration with the business and how this agreement ended, it hasn't cost him anything financially, and there was no trouble or upset caused to him while he was using the car or while he was paying for the financial agreement for it. It's an unfortunate situation which has left Mr W feeling unhappy, but as there was no impact on him during the agreement, and no financial impact caused when he ended the agreement, I won't be asking the business to do any more here.

My final decision

I am not upholding this complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 31 March 2022.

Paul Cronin
Ombudsman