

The complaint

Mr B complains about the quality of a car he has been financing through an agreement with Moneybarn No. 1 Limited ("Moneybarn") and about the redress they've offered to put things right.

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 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 B 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.

The relevant law says, amongst other things, that the car should have been of satisfactory quality when supplied. If it wasn't then Moneybarn, who are also the supplier of the car, are responsible. The relevant law also says the quality of goods is satisfactory if they meet the standard that a reasonable person would consider satisfactory taking into account any description of the goods, the price and all the other relevant circumstances.

I don't think there's any dispute this car wasn't of satisfactory quality. I've seen a breakdown of the significant faults identified with it only a short period after it was supplied to Mr B and I can see that Moneybarn accepted it wasn't commercially viable to repair the car. They agreed to accept its rejection, take the car back, and end the finance agreement. I'd agree that, in the circumstances, this was a reasonable approach.

What is in dispute is the redress that Moneybarn offered Mr B to resolve matters.

Putting things right

Moneybarn offered to refund the payment Mr B had made towards his finance and given the very limited use Mr B had from the car I think that was reasonable. But as Mr B had, in effect, been deprived of that money I think Moneybarn should add interest to the refund.

Moneybarn also agreed to arrange for Mr B to get his deposit back but again, as Mr B had been deprived of that money they should also pay some interest on that refund.

Moneybarn offered Mr B £100 to compensate him for the distress and inconvenience he'd experienced but I don't think that was enough. I can see Mr B was without a car to drive his family about over the Christmas period and that there were unnecessary delays approving the rejection of the car whilst the business considered whether it could be repaired. In the circumstances I would agree with the investigator that Moneybarn should pay Mr B a further £200 in compensation.

My final decision

For the reasons I've given above I uphold this complaint. In addition to ending the finance agreement, allowing rejection of the car, and collecting it, Moneybarn No.1 Limited must:

- Pay 8% simple yearly interest on all refunded amounts above from the date of payment until the date of settlement.
- Pay Mr B further compensation of £200 to reflect the distress and inconvenience caused.
- Remove any adverse information they may have reported to Mr B's credit file in relation to this issue.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 21 April 2022.

Phillip McMahon
Ombudsman