

## **The complaint**

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

## **What happened**

In April 2020 Mr S acquired a car and entered into a conditional sale agreement with Moneybarn. Mr S experienced issues with the car. Repairs were attempted but the issues continued. Mr S asked to reject the car. Moneybarn said it wasn't able to do anything, so Mr S complained to this service. Our investigator upheld the complaint and said that because the attempts at repair had been unsuccessful, Mr S should be allowed to reject the car. The investigator said that because Mr S had only made 3 payments under the agreement but had continued to use the car, neither the arrears nor the outstanding balance under the agreement should be written off. The investigator said Mr S should pay 50% of the payments he should have made under the agreement. Moneybarn agreed but Mr S didn't. He said that he wasn't prepared to pay anything.

I issued a provisional decision in which I said there was no dispute that a rejection of the car was justified. I said that where a car is rejected, I'd expect a business to refund any deposit paid and to refund monthly payments less a deduction for usage. I explained that in this case Mr S had only made 3 payments under the agreement, which meant there were significant arrears. I also explained that Mr S had continued to use the car despite the issues and had covered significant mileage.

I said that I thought Mr S should have been allowed to reject the car when it became clear that the repairs hadn't been successful. I thought Moneybarn should waive arrears from this point onwards – 8 October 2020, but that any arrears accrued up to and including that date should be paid by Mr S.

I invited both parties to let me have any further evidence or arguments they wished to advance.

Moneybarn said it didn't think consideration had been given to the amount of mileage Mr S had covered in the car. It said it appreciated that Mr S should have been allowed to reject the car in October 2020 but felt that he should be liable for the usage he'd had since then, given the significant mileage covered.

Mr S said he didn't agree that he should have to pay anything to Moneybarn. He said he only had the car now because Moneybarn refused to allow him to reject it in October 2020.

## **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've taken into account what both parties have said. I remain of the view that Moneybarn should have allowed Mr S to reject the car in October 2020 when the repairs weren't

successful. Prior to that, Mr S was able to use the car and was responsible for making payments under the agreement, so he should be liable to pay all arrears which accrued up until that point.

I agree that Mr S has covered significant mileage since then. He's explained that he had no choice but to keep using the car and I find this explanation plausible. But I have to take into account that he hasn't made any monthly payments at all during this time, even though he's been able to use the car. So, I think it would be fair to allow a deduction for usage in these circumstances. Having thought about this further, my view has changed. I'm now of the view that Mr S should pay 50% of the arrears which have accrued from 8 October 2020 onwards to reflect his use of the car.

### **Putting things right**

To put things right, Moneybarn No 1 Limited must:

End the agreement

Arrange for the car to be collected at no cost to Mr S

Refund any deposit paid by Mr S

Refund the cost of the report (£192)

Pay £250 compensation for distress and inconvenience

Write off 50% of all arrears which accrued from 8 October 2020 onwards

Set up an agreement for Mr S to pay all arrears which accrued up to and including 8 October 2020, and for 50% of the arrears which accrued since 8 October 2020.

Pay 8% simple interest per annum on all sums refunded from the date of payment to the date of settlement

### **My final decision**

My final decision is that I uphold the complaint. Moneybarn No 1 Limited must take the steps set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 5 April 2022.

Emma Davy  
**Ombudsman**