

The complaint

Miss H complains that a car supplied by Moneybarn No. 1 Limited under a conditional sale agreement was not of satisfactory quality.

What happened

In January 2021 Miss H took a car from Moneybarn under a conditional sale agreement. The car was around seven years old and had covered around 40,000 miles. The cash price was £8,440.

Very soon after she took delivery of the car, Miss H says she started to experience problems with it. She contacted Moneybarn, which arranged an inspection by an expert engineer. That inspection identified a number of problems. I do not need to set them out here, but the engineer concluded that they had been present at the point of supply. He expressed the view too that Moneybarn was responsible for fixing them – although he also said that they were commensurate with the car's age and mileage. It was estimated that repairs would cost around £3,000.

In the meantime, Miss H referred the matter to this service. One of our investigators considered what had happened. He recommended that Moneybarn arrange for repairs to be carried out, refund 10% of the monthly payments Miss H had made (to reflect the impaired use of the car), refund taxi fares and the cost of a diagnostic report (nearly £200 in total) and pay Miss H £150 in recognition of the distress she had suffered and the inconvenience to which she had been put.

Miss H did not accept the investigator's view. In the meantime, however, she returned the car to Moneybarn. I understand she also entered into an individual voluntary arrangement at around the same time.

Moneybarn calculated what was due under the conditional sale agreement. This amounted, it said, to just over £6,750. That sum included £1,440 for repairs to scratches which it said were Miss H's responsibility. It took into account the amount it had received from the sale of the car at auction, but not did give any allowance for the faults Miss H said were present at delivery. Moneybarn said however that it would write off the amount it said was owing and would not seek payment from Miss H.

I reviewed the case. Because Miss H had by then returned the car, repairs were no longer possible or necessary; that meant that the investigator's recommendation could not be put into effect.

I therefore went on to consider whether Moneybarn's decision not to seek any further payment from Miss H was fair. I noted that Moneybarn said the amount due under the conditional sale agreement was £6,750. I noted too that Miss H had three claims against Moneybarn: a claim for about £3,000 for repairs because the car was not of satisfactory condition at delivery; a claim that she was not liable for body damage; and a claim for about £200 for taxi fares and a diagnostic report. She said too that she should be compensated for the inconvenience she had been put to and the distress she had suffered.

I concluded that, if I accepted that all of Miss H's claims were valid, their value would be significantly less than the amount Moneybarn said it was writing off. Its decision not to pursue Miss H for the amount it said it was owed was, therefore, fair.

Miss H did not accept my provisional conclusions. She said that she had been left out of pocket.

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 do not accept that Moneybarn's decision to write off the amount owing under the conditional sale agreement leaves Miss H out of pocket. If the car had been of satisfactory quality and Miss H had returned it when she did and in good condition, she would have had to pay around £5,310 (that is, £6,750 minus £1,440) to end the agreement. If Moneybarn had given her credit for the cost of repairs, her taxi fares and the cost of the diagnostic report, she would still have owed around £2,110. Moneybarn has however decided not to seek payment from her.

I accept of course that Miss H will not receive a payment as the investigator had initially recommended. In my view, however, it would not be fair on Moneybarn to require it to make a payment to Miss H after it has agreed not to pursue a debt which, on any basis, amounts to at least £2,000.

My final decision

For these reasons, my final decision is that I do not require Moneybarn No. 1 Limited to take any further steps to resolve Miss H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 19 April 2022.

Mike Ingram
Ombudsman