

The complaint

Mr W complains that Moneybarn No. 1 Limited (“Moneybarn”) didn’t deal with the rejection of his car fairly and in a timely fashion. This meant he incurred further expenses.

What happened

Mr W acquired a car in March 2022 through a conditional sale agreement with Moneybarn. Almost immediately he raised concerns with the car, and after some diagnostic work was done, by mid-March 2022, Moneybarn agreed he could reject the car.

They said he should return the car and they would refund his deposit and subsequently agreed a further payment of £216.50, to cover some distress and inconvenience, and the cost of a diagnosis Mr W paid for, as well as covering a month’s road tax and insurance for the car. He didn’t make any monthly payments on the agreement.

Moneybarn were aware Mr W wanted to arrange a new finance agreement with them to acquire another car, so on 18 March 2022, they advised him that the original car needed to be returned and they would contact him once they received the funds from the supplying dealership to clear the finance. This was to allow them then to arrange the new finance for the new car.

The new finance agreement was confirmed and activated on 11 April 2022. Mr W had chased this up on various occasions, and Moneybarn have said the delay was due to the original supplying dealership needing to return the funds to them to clear his original finance agreement. They said they couldn’t set up the new finance before the previous agreement had been ended.

Mr W complained, saying that he had incurred further expenses for taxis, and the delay also meant he had to pay for delivery of his new vehicle, as he wasn’t able to collect it once the school holidays began. Moneybarn didn’t uphold the complaint and said that they’d never told him the new car was ready for collection, and if this had happened it was the dealership who had said it and should be covering any taxi costs.

Unhappy with this, Mr W brought his complaint to our service. An investigator here investigated the complaint and did not uphold it. They said they could not find any evidence of Moneybarn telling Mr W anything wrong and were satisfied that he had been treated fairly by them and they’d dealt with things in a timely fashion.

Mr W didn’t agree with this however and asked for an Ombudsman to make a final decision. He said that Moneybarn shouldn’t have said he could get finance for a new car until they had the money back to close the previous agreement. He had to pay delivery and put the deposit down on the new car, without test driving or viewing it, and felt that is a direct result of Moneybarn’s poor service.

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.

Having done so, I've reached the same overall conclusions as the investigator, and for broadly the same reasons. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome.

In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and (if appropriate) what I consider was good industry practice at the time. Mr W was supplied with a vehicle under a conditional sale agreement. This is a regulated consumer credit agreement which means we're able to look into complaints about it.

As both parties have agreed the car needed rejecting, and this has happened, I won't be considering that matter further. I will be assessing whether the redress paid was fair, and then will consider the administration following that, to see if mistakes were made which have ultimately cost Mr W any money.

With regards to the redress offered on the rejection, I think Moneybarn have been more than fair. They swiftly acted to agree a rejection within two weeks of the car being acquired. They agreed his deposit should be refunded, and they also refunded him the £99 he paid for a diagnostic report and paid £50 for any distress or inconvenience caused.

Alongside this, they refunded him a month's road tax and a month's car insurance. This goes beyond what I'd have expected to see, as Mr W would be required to insure and tax the vehicle while he owned it.

I've then gone on to consider the timescales involved, and whether they feel reasonable. Mr W has begun his second finance agreement on 11 April 2022, just over a month after his first agreement started on 9 March 2022. That feels fair and does not indicate any undue delays occurred here.

Mr W has concerns with the process followed by Moneybarn, of clearing one agreement before allowing him to take the second one. I would say that it's probably good practice for the lender to ensure one agreement is cleared before allowing another one to start, to ensure a consumer doesn't risk ending up with two finance agreements and debts in place still if something goes wrong. It also might have been the case that until the original agreement was cleared, this second agreement wouldn't have shown as being affordable to Mr W, and Moneybarn would be expected to only go ahead with an agreement if they were satisfied it was affordable.

I do think this is more an internal process that Moneybarn are following, but it's not our role to be the regulator and decide if their process is fair or not. My role is to decide whether the process here caused any detriment to Mr W, and I can't agree that it did.

I've seen no evidence that suggests Moneybarn told Mr W they would let him start the second agreement before the first one was cleared. And I'm not persuaded that there were any undue delays here. Overall, I am satisfied Moneybarn have acted fairly here.

Mr W has said he incurred taxi expenses and a delivery cost for his second car, which were down to Moneybarn's service. I don't agree with this. Mr W hasn't had to make monthly payments for the car (which were due to be £266 per month) and has been refunded a further £67 for his tax and insurance costs for the month, so hasn't had to pay to insure or tax a car for the month.

As he hasn't been paying for a car because the original car was rejected, it would be fair for

him to have to pay for reasonable alternate travel costs until he was able to acquire a new car. If this period had run to many weeks, and his costs had spiralled, I would consider whether this was fair to Mr W and whether Moneybarn had unduly delayed things. But that isn't the case here. This was a period of at most three weeks, from being told he could reject the first car, to acquiring the second car. If he was refunded the taxi costs, he would likely end up better off, as he would be paying nothing for his travel for this month.

With regards to the delivery fee for his car of £250, and the fact he couldn't view, or test drive the car, I also don't agree that this is down to Moneybarn. He had the option to view and test drive a car before the finance was in place and has also said he put down a deposit for the second car while awaiting the replacement finance agreement to be set up.

I can't agree that his choice to buy the car without viewing it or test driving it is linked to Moneybarn, and I am not persuaded that Moneybarn delayed things unduly which might have led to him having to do this.

I've seen no unreasonable delays caused by Moneybarn, and as such, I can't agree they are liable here for further expenses or costs to be refunded to Mr W. I won't be asking Moneybarn 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 19 April 2023.

Paul Cronin
Ombudsman