

The complaint

Mr L complains about a car he acquired with credit provided by Moneybarn No. 1 Limited.

What happened

In January 2022 Mr L acquired a used car for £6,175, financed with a conditional sale agreement with Moneybarn. The mileage was about 75,000 miles.

Almost at once, Mr L had to return the car to the garage because the engine management light (EML) had come on. The car was in the garage for repairs for five weeks; Mr L was without a courtesy car for two weeks. When he got the car back, the issues had still not been repaired, and so the car had to go back to the garage for more repairs. Even after that, the cruise control was still an issue and the EML was still on.

Mr L brought this complaint to our service. Meanwhile, Moneybarn told him that if he got a quote from another garage, Moneybarn would reimburse him for the cost of the quote and arrange for the dealer to pay for the repair. Moneybarn also paid him £150 in recognition of his inconvenience.

Our investigator agreed that the car was faulty when it was delivered to Mr L, and that Moneybarn was responsible for that. She recommended that Moneybarn refund Mr L for the cost of the past and future repairs, refund him for the two weeks he had been without a car, refund ten percent of his monthly payments since 17 March 2022 to the date of settlement, pay interest on the refunds, pay him another £150 (on top of what it had paid him already), and remove any adverse information from Mr L's credit file relating to its agreement with him.

Mr L accepted that opinion, but he said he could not afford to pay up front for a quote, even if he knew he would be reimbursed for it later.

Moneybarn said it accepted the investigator's recommendations in principle, but with the caveat that it should not have to pay for another repair if it would be economical, having regard to the price Mr L had paid for the car.

Believing the parties to have reached an impasse, our investigator referred this case for an ombudsman's 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.

Having done so, I uphold this complaint for the same reasons as the investigator gave. It only remains for me to decide what needs to happen to put things right.

I do not think that there is as much disagreement between the parties as my colleague thought. I will broadly follow her recommendations, with a couple of adjustments to satisfy the parties' subsequent comments.

Putting things right

I require Moneybarn to refund Mr L the *pro rata* equivalent of two weeks' worth of his monthly payments, as compensation for the two weeks he was without his car and without a courtesy car. And Moneybarn must refund him ten percent of the monthly payments he has made from 17 March 2022 to the date of settlement. Moneybarn must also pay simple interest on all of those refunds (but not on the £150) at the rate of eight percent a year from the dates the payments were made until the date of settlement.

I also require Moneybarn to pay Mr L £150 for his inconvenience (in addition to the £150 it has already paid him).

Once Mr L has received that money, he will be able to afford to pay for a third party to investigate his car and give him a quote for the repair. Once he provides that quote to Moneybarn, and also evidence of how much he paid for that quote (such as a receipt), Moneybarn must refund him the cost of the quote.

If the cost of the repair (including VAT) is quoted as less than £6,175 then Moneybarn must arrange for that repair to be carried out at no cost to Mr L. (This means that Moneybarn must pay for the work itself – not that Mr L pays for it and then Moneybarn refunds him.)

But if the repair is likely to cost more than that, then Moneybarn must instead collect the car at no cost to Mr L (and at a mutually convenient time), cancel the conditional sale agreement with nothing more to pay, and arrange to remove the agreement from Mr L's credit file.

My final decision

My decision is that I uphold this complaint. I order Moneybarn No. 1 Limited to put things right in the way I have set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 4 May 2023.

Richard Wood
Ombudsman