

The complaint

Mr M has complained about costs incurred in connection with his van finance agreement with Moneybarn No. 1 Limited, trading as Moneybarn.

What happened

In June 2022, Mr M entered into a finance agreement with Moneybarn, for a used van. However, he reported issues with it, and an independent inspection was carried out. This concluded that there had been a fault at the point of supply. It was agreed that Mr M could reject the van. However, Moneybarn said it would deduct £2,000 from the refund it was proposing to pay, because there had been drive-on damage.

In summary, Moneybarn said it would retain the payments Mr M had made under the agreement, to cover fair use. It would also refund £857.20, of the £2,857.20 that Mr M had paid to hire a van to keep him mobile. It wouldn't refund the remaining £2,000, because of the drive-on damage that had been caused. It also said it would pay him £150 for the distress and inconvenience caused.

Mr M was unhappy with this, so complained to our service. One of our investigators looked into what had happened, but thought Moneybarn's offer had been fair. She was satisfied that Mr M had fair use of the van, until the fault presented itself on 5 September, so he should not be refunded his monthly repayments for this period.

She also said that it's reasonable to think that if there was a major oil leak, as indicated in the report, that this would cause further damage if the van was driven. And the van had been driven around 961 miles between when Mr M reported the fault, to when the inspection took place. So, she thought a deduction from the hire van costs Mr M incurred was fair to represent this. She was also satisfied that the £150 compensation for distress and inconvenience was in line with what she'd have recommended.

Mr C disagreed. He said that the dealer said the issue could have been caused when the van was serviced in the August, but as it hadn't been serviced, it was unfair to base anything on this. The complaint's now been passed to me to decide.

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 agree with our investigator, and for the same reasons she gave. As regards the service, I agree with Mr M that no service was carried out, and the damage had been present/developing at the point of supply. But, the £2,000 is being retained as a result of drive-on damage, and I think this is fair, regardless of the cause of the fault. I agree that it would have been reasonably clear the van shouldn't continue to be driven, after the fault occurred.

Accordingly, I'm persuaded that Moneybarn's offer was fair.

My final decision

For the reasons given above, it's my final decision that Moneybarn No. 1 Limited, trading as Moneybarn, made a fair offer, which it is open to Mr M to accept, if he hasn't already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 16 January 2024.

Elspeth Wood
Ombudsman