

The complaint

Miss S is unhappy that a car supplied to her under a conditional sale agreement with Moneybarn No.1 Limited was of an unsatisfactory quality.

What happened

In September 2022, Miss S was supplied with a used car through a conditional sale agreement with Moneybarn. The agreement was for £6,449 over 52 months; with 51 monthly payments of £240.78. At the time of supply, the car was around ten and a half years old, and (according to the MOT record for 5 September 2022) had done 107,391 miles.

The day after being supplied with the car, Miss S experienced a problem with the gears. She contacted the supplying dealership, who told her it was a sensor issue. They told her to go to a local garage, and they'd cover the costs.

Miss S did this and was told there was an issue with the ABS, driver's door lock, and a cracked wheel rim; as well as a new locking nut set, and a spare key being needed.

While Miss S accepted she was responsible for the damage to the wheel rim, she spoke to the broker who'd arranged the finance about the other issues. They spoke to the dealership on her behalf and told Miss S that, once she had the invoice for the work, she could send it to the dealership to sort out.

Miss S had the repairs completed on 13 January 2023, at the cost of £1,048.80. £70 of this was for the repair to the wheel Miss S had damaged. Shortly after these repairs were carried out, Miss S was involved in an accident, where damage was done to the front of the car.

In January 2023, Miss S complained to Moneybarn about the issues with the car and asked to be able to reject it. The dealership took the car back in February 2023 and they had it inspected. This inspection said that, now repairs had been completed, there was nothing wrong with the car. However, there was visible damage to the front of the car. And they suspected it had been in an accident. As a result, the dealership refused to cover the costs of the earlier repairs.

Moneybarn arranged for an independent engineer to inspect the car. The engineer found a number of faults with the car. Following this, Miss S wanted the costs of the first repair to be refunded, and to be able to reject the car.

Our investigator said there was a fault with the car when it was supplied to Miss S, which made it of an unsatisfactory quality when it was supplied. So, she said that Moneybarn should pay for the initial repairs Miss S had done, less the cost of the oil change, the oil, air, and fuel filters (which were done as part of a service), and the cost of the repair to the rim damage Miss S caused.

With regards to the independent engineer's report, the investigator said none of the issues with the car were present when the car was first inspected shortly after supply. And the independent engineer had referred to faults being due to wear and tear. So, the investigator

didn't think Moneybarn needed to pay for these repairs. However, the investigator said that Moneybarn should pay Miss S £200 compensation for the distress and inconvenience she'd been caused.

Miss S didn't agree with the investigator and wanted to reject the car. So, she's asked for an ombudsman to make a final 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'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. Miss S was supplied with a car under a conditional sale agreement. This is a regulated consumer credit agreement which means we're able to investigate complaints about it.

The Consumer Rights Act 2015 ('CRA') says, amongst other things, that the car should've been of a satisfactory quality when supplied. And if it wasn't, as the supplier of goods, Moneybarn are responsible. What's satisfactory is determined by things such as what a reasonable person would consider satisfactory given the price, description, and other relevant circumstances. In a case like this, this would include things like the age and mileage at the time of sale, and the vehicle's history and its durability. Durability means that the components of the car must last a reasonable amount of time.

The CRA also implies that goods must conform to contract within the first six months. So, where a fault is identified within the first six months, it's assumed the fault was present when the car was supplied, unless Moneybarn can show otherwise. But, where a fault is identified after the first six months, the CRA implies that it's for Miss S to show it was present when the car was supplied.

So, if I thought the car was faulty when Miss S took possession of it, or that the car wasn't sufficiently durable, and this made the car not of a satisfactory quality, it'd be fair and reasonable to ask Moneybarn to put this right.

In this instance, it's not disputed there was a problem with the car when it was supplied to Miss S – there was an issue with the ABS and the driver's door, and a full locking nut set was required. These faults were repaired in January 2023 at a cost of £978.80.

I've seen a copy of the independent engineer's report, dated 6 July 2023. In this report, the engineer said there was damage to the driver's door, and an issue with the steering and suspension. They also said that the repair to the damaged wheel was *"unservicable."* The engineer concluded that *"these faults would be due to wear and deterioration [and] we do consider the faults to have been present at purchase."*

While I've noted the engineer's comments, I've also taken into consideration that Miss S had the car inspected shortly after it was supplied to her. The initial inspection didn't raise the issues with the damage to the driver's door (even though the need for a replacement door lock was mentioned), nor did it mention any excessive wear in the steering and/or suspension. What's more, these issues weren't noted in the inspection that took place in

February 2023 either. If these issues were present at the point of supply, I would reasonably have expected these to be picked up at either inspection.

I've also considered that the car has had two accidents since it was supplied to Miss S – when the damage to the wheel was caused, and when the damage to the front of the car was caused. While these accidents might have been minor, it's also the case that additional damage to the car may have been done. Furthermore, Miss S was able to drive the car over 3,000 miles before the second inspection took place. Finally, I haven't seen anything to show me that the independent engineer was aware the car had been involved in an accident after it was supplied to Miss S.

Given this, I'm not satisfied that the faults with the car found during the inspection of 6 July 2023 were present when the car was supplied to Miss S. So, I won't be asking Moneybarn to take any further action regarding these issues.

Putting things right

Miss S has provided evidence of the costs she's incurred in repairing the car in January 2023. And, given that the car wasn't of a satisfactory quality when supplied, I think it's only fair that Moneybarn reimburse these costs.

It's also clear that Miss S has been inconvenienced by having to arrange for the car to be repaired, and by the dealership refusing to reimburse these costs, after first agreeing to. So, I think Moneybarn should compensate her for this. The investigator had recommended that Moneybarn pay her £200, which is in line with what I would've directed had no recommendation been made. So, I see no compelling reason not to adopt this as part of my final decision.

Therefore, if they haven't already done so, Moneybarn should:

- remove any adverse entries relating to this agreement from Miss S's credit file;
- reimburse the £978.80 repair costs Miss S paid;
- apply 8% simple yearly interest on the reimbursement, calculated from the date Miss S made the payment to the date of the reimbursement[†]; and
- pay Miss S an additional £200 to compensate her for the trouble and inconvenience caused by being supplied with a car that wasn't of a satisfactory quality.

[†]HM Revenue & Customs requires Moneybarn to take off tax from this interest. Moneybarn must give Miss S a certificate showing how much tax they've taken off if she asks for one.

My final decision

For the reasons explained, I uphold Miss S's complaint about Moneybarn No.1 Limited. And they are to follow my directions above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 25 October 2023.

Andrew Burford
Ombudsman