

The complaint

Mr R complains about a car he acquired under a conditional sale agreement (“agreement”) with Moneybarn No. 1 Limited (“Moneybarn”). Mr R says he was never advised the car was an import and he has had to spend substantial sums on repairs.

What happened

In July 2021 Mr R entered into an agreement for a used car. Under the terms of the agreement, everything else being equal, Mr R undertook to make 52 monthly repayments of £350.11 making a total repayable of £18,205.72 at an APR of 31.9%.

In August 2021, for reasons not material to this complaint, the above car was exchanged by the original supplying dealership for another.

In October 2021 the car provided to Mr R in August 2021 was inspected by an engineering company that I will call A. Having inspected the car, A concluded that it was of satisfactory quality when first supplied to Mr R.

In December 2021 Mr R entered into a new agreement for the car provided to him in August 2021. Under the terms of the agreement, everything else being equal, Mr R undertook to make 37 monthly repayments of £350.01 making a total repayable of £12,950.37 at an APR of 31.9%.

In November 2022 Mr R complained to Moneybarn that it had come to his attention that the car he was supplied with in August 2021 was an import. A fact he was never advised of.

In February 2023, the car having been returned, Moneybarn advised Mr R that his agreement would be cancelled and it would return the sum of £450.00 he had paid it in January 2023 together with £5.52 in net interest, which it did.

In May 2023 Moneybarn confirmed to our service that it was prepared to pay Mr R £300 in compensation.

Mr R’s complaint was considered by one of our investigators who came to the view that Moneybarn, other than having to pay Mr R £300, need do nothing further.

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.

First, I’m very aware that I’ve summarised this complaint in far less detail than the parties and I’ve done so using my own words. I’m not going to respond to every single point made by all the parties involved. No discourtesy is intended by this. Instead, I’ve focussed on what I think are the key issues here.

Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. Rather, I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome.

Where the evidence is incomplete, inconclusive, or contradictory (as some of it is here), I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in the light of the available evidence and the wider circumstances.

The facts of this case aren't in dispute, that is in July 2021 Mr R was supplied with the wrong car and the car he was later supplied with in August 2021, by way of an exchange, was an import, a fact not brought to Mr R's attention.

Moneybarn have already taken the car back, cancelled the agreement, refunded Mr R £450.00 and paid him £5.52 in interest. It has also offered Mr R a further £300. So all I'm required to decide in this case is whether Moneybarn should have to compensate Mr R any further.

Mr R was supplied with a car (in August 2021) with a recorded mileage of approximately 66,500 miles. When Moneybarn accepted the return of the car (in late 2022/early 2023) it had a recorded mileage of approximately 111,500. This means that whilst the car was in Mr R's possession he added in the region of 45,000 miles to the odometer.

Notwithstanding that it's not in dispute that Mr R was supplied with a car that was an import, a fact that wasn't brought to his attention, it's only fair that he should have to pay for the usage he has had of the car and this is something the contract and legislation allows for.

Based on what both parties have said and submitted, it's my understanding that between August 2021 and November 2021 Mr R paid Moneybarn, and Moneybarn has retained, £4,900.64 (5 x £350.11 plus 9 x £350.01) in repayments, which equates to less than 10 pence per mile. And in my view this represents a fair and reasonable sum for Mr R to have to pay for usage. Therefore I'm satisfied that Moneybarn need pay Mr R nothing further in this respect.

I will now turn to what Mr R says he had to spend maintaining and repairing the car.

Based on what Mr R has provided our service I'm satisfied that he has paid a garage that I will call "L" over £2,000 for maintenance and/or repairs. But other than two invoices from L dated 28 April 2022 and 11 May 2022 Mr R hasn't provided anything to support what this expenditure was for. He certainly hasn't provided anything to show that this expenditure was in respect of repairs (rather than maintenance) or in respect of repairs that were needed due to the car being of unsatisfactory quality when first supplied.

The first invoice provided by Mr R is for £240 and in respect of work undertaken on the front brake pads and discs. Notwithstanding pads and discs are, in my view, serviceable items these were repaired/replaced after Mr R had added in the region of 20,000 miles to the odometer. This, together with the report from A dated August 2021 and what Mr R has been able (or unable) to provide our service, leads me to conclude that the car supplied to him in August 2021 was of satisfactory quality. Therefore I'm satisfied that Moneybarn need pay Mr R nothing further in this respect.

Having said the above I do accept that the customer service Mr R has received from Moneybarn has been poor. But like the investigator I'm satisfied that Moneybarn's offer of £300 for this poor service represents, in the particular circumstances of this case, an appropriate sum for it to have to pay and it need pay Mr R nothing further in this respect.

My final decision

My final decision is that Moneybarn No. 1 Limited must pay Mr R £300, to the extent it hasn't done so already, but it need do nothing further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 18 November 2023.

Peter Cook
Ombudsman