

The complaint

Mr R has complained that he is unhappy with the quality of a van he acquired in January 2023 using a conditional sale agreement with Moneybarn No. 1 Limited, trading as Moneybarn ("Moneybarn").

What happened

Mr R acquired a used Peugeot van in January 2023, using a conditional sale agreement with Moneybarn. The van was around seven years old, with a mileage of 76,000. The cost of the van was £9,198, of which Mr R borrowed £7,198 over a term of 48 months, with a monthly repayment of £279.19.

In April 2023, Mr R contacted Moneybarn to say that the engine management light had come on, and that the van had been recovered to a garage which had stated that the engine required replacement. It was later confirmed that the timing belt had snapped and caused damage to the engine, which, as a result, needed to be replaced.

In June 2023, Moneybarn told Mr R that it hadn't been able to complete its investigation but that he was entitled to bring his complaint to this service, which he did. While we were looking into the complaint, Moneybarn told us that the dealership had agreed to cover the cost of the repairs, and it was offering an additional amount of £75 in recognition of the distress and inconvenience caused to Mr R.

Our investigator looked into Mr R's complaint, and thought it should be upheld, although she recommended a higher amount of compensation in addition to the repair of the van. Moneybarn agreed with our investigator's recommendations, but Mr R did not – he thinks it would be fair for him to reject the van and end the agreement. As Mr R didn't agree, the complaint has been passed to me for review.

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.

I've decided to uphold Mr R's complaint that the van wasn't of satisfactory quality, but I agree with our investigator's recommendations about compensation. I'll explain why.

Because Moneybarn supplied the van under a conditional sale agreement, it's responsible for a complaint about the quality, and there's an implied term that the van was of satisfactory quality. Vehicles are of satisfactory quality if they are of a standard that a reasonable person would expect, taking into account all of the relevant circumstances such as (amongst other things) the age and mileage of the vehicle and the price paid. When considering satisfactory quality, I also need to look at whether the van is durable – that is, the components within the van must be durable and last a reasonable amount of time.

In this case of course, the van was around seven years old, with a mileage of 76,000 when Mr R acquired it. And the price was lower than that of a new van. So it's reasonable to

expect that parts of the van would have suffered a degree of wear and tear, and that a van of this age would likely need repair and maintenance sooner than a newer van.

I've taken account of the relevant law, in particular the Consumer Rights Act 2015, ("CRA"). There are certain times, set out in the CRA, when a consumer is entitled to reject goods, in this case the van, if they don't conform to contract – a short term right to reject within 30 days of taking delivery, or a final right to reject if a repair or replacement hasn't resulted in the van subsequently conforming – that is, it then being of satisfactory quality.

It is accepted that there was a fault with the van - the warranty claim shows that the timing belt had snapped and damaged the engine, so the engine needs to be replaced. And the dealership has agreed to cover the cost of this.

The fault occurred three months after Mr R acquired the van, and I'm satisfied the fault was present or developing at the point of supply. It's likely that the timing belt was nearing the end of its lifespan at the point of supply and required a replacement, so I'm satisfied Mr R shouldn't have to bear the cost.

Neither party has disputed this, so I don't need to comment further on this point, and I'm satisfied I should uphold Mr R's complaint that the van wasn't of satisfactory quality at the point of supply.

In terms of redress, our investigator thought that, in addition to the repair cost being covered, Mr R should receive a refund of the monthly payments due whilst he couldn't use the van, a refund of other out of pocket expenses, and a higher amount in respect of distress and inconvenience than Moneybarn had originally suggested. Mr R has explained how his mental health has been affected by all this, and I completely understand his distress.

Moneybarn accepted our investigator's findings in full. However, Mr R did not – he thinks he should be able to reject the van and end the contract, and get his deposit back.

I've looked again at all the evidence, but having thought carefully about what both parties have said, I can't fairly say that Mr R is entitled to reject the van at this point. I say this because, as I explained above, the relevant law – the CRA – gives the right to reject if a repair or replacement hasn't resulted in the van subsequently conforming to contract – that is, it then being of satisfactory quality. Moneybarn hasn't had the chance to deal with the repair, and at this stage I have no evidence to suggest that the repair won't be successful.

As a result, I have concluded that fair compensation is as I have set out below. In addition to the repair cost being covered, I think it fair that Moneybarn refunds the monthly payments due for the period during which Mr R has been unable to use the van, along with the cost of recovering the van in April 2023 (on production of the relevant invoice), and an additional payment in relation to the distress and inconvenience caused. This has clearly been a very difficult period for Mr R, and I am sorry that he has had such a stressful time.

Putting things right

Moneybarn should:

- Arrange for the collection of the van at no further cost to Mr R, and cover the cost of the repairs – these should be carried out within a reasonable timescale;
- Refund the monthly repayments due under the contract from the date the fault occurred until the date the repair is completed, and the van returned to Mr R;
- Refund the cost of recovery of the vehicle, on production of the relevant invoice;

- Pay 8% simple yearly interest* on all refunded amounts from the date of payment until the date of settlement;
- Pay £200 for the distress and inconvenience that's been caused due to the faulty goods;
- Remove any adverse information from Mr R's credit file in relation to the agreement.

**if Moneybarn considers that it is required by HM Revenue & Customs to withhold income tax from that interest, it should tell Mr R how much it's taken off. It should also give Mr R a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.*

My final decision

For the reasons given above, I have decided to uphold Mr R's complaint. Moneybarn No. 1 Limited, trading as Moneybarn, should compensate Mr R as described above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 15 January 2024.

Jan Ferrari
Ombudsman