

The complaint

Mr S complains that the vehicle he financed through a conditional sale agreement with Moneybarn No. 1 Limited wasn't of satisfactory quality. He wants the cost of repairs and his loss of earnings refunded along with interest and compensation.

What happened

Mr S acquired a used vehicle through a conditional sale agreement with Moneybarn in November 2022. He explained that the engine seized within a year and the repair costs are estimated at £3,500 plus VAT. He says that the vehicle wasn't of satisfactory quality given the major repair needed within the first year. He wants the cost of repairs covered by Moneybarn as well as compensation for his financial loss.

Moneybarn issued a final response dated 10 October 2023. It said that as the issues were raised more than six months after the vehicle was supplied, it was Mr S's responsibility to show that the issues the vehicle experienced weren't due to wear and tear and were the result of faults that were present or developing at the point of supply. It said that evidence hadn't been provided to show this and that it considered the issues raised the result of wear and tear.

Mr S wasn't satisfied with Moneybarn's response and referred his complaint to this service.

Our investigator didn't uphold this complaint. He noted that the Consumer Rights Act 2015 was particularly relevant to this complaint and that this included a requirement for goods to be supplied that are of satisfactory quality. He noted that the vehicle supplied to Mr S was over seven years old and had travelled 113,875 miles so he thought a reasonable person would expect that it would have already suffered notable wear and tear. While he accepted that there was a fault with the vehicle, he noted that Mr S had been able to drive it around 45,000 miles before the fault was identified. Based on the evidence provided, our investigator didn't think there was enough to show the fault with Mr S's vehicle was present or developing at supply.

Mr S didn't agree with our investigator's view. He said the vehicle was supplied with an existing fault (which had been diagnosed by experts) and this resulted in the engine failing. He said given the criteria the vehicle needed to meet for finance to be provided, it should have lasted longer, and he thought it fair that Moneybarn covered at least some of the costs of repair.

Our investigator responded to Mr S's comments. He reiterated the age and mileage of the vehicle when the issue arose, and the mileage Mr S had been able to drive. He said while the fault had been diagnosed it hadn't been identified that the fault was present at supply and so he said his view not to uphold this complaint hadn't changed.

Mr S responded to our investigator saying that the engine failed due to the turbo leaking and this issue had been present from the point of supply. He said he had kept needing to top up the oil and he says his actions meant the engine didn't fail sooner.

As a resolution hasn't been agreed, this case has been passed to me, an ombudsman, to issue a 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.

I take all relevant rules, regulations and legislation into account when considering a complaint, but my decision is based on what I consider fair and reasonable given the unique circumstances of the case.

Mr S entered into a conditional sale agreement with Moneybarn in November 2022, to acquire a used vehicle. Under the regulations, specifically the Consumer Rights Act 2015, Moneybarn can be held liable if the vehicle supplied wasn't of satisfactory quality. Satisfactory quality takes into account factors such as the age, mileage and price of the vehicle as well as whether it was sufficiently durable.

In this case, Mr S paid £9,990 for a vehicle that was over seven years old and had been driven 113,875 miles. I can see that there was contact between Moneybarn and Mr S throughout 2023 about payment issues and possible early settlement but during these discussions, Mr S didn't raise any concerns about the vehicle. It wasn't until 29 September 2023 that he informed Moneybarn that the engine had seized. As this was more than six months after he acquired the vehicle I find it reasonable that Moneybarn said Mr S would need to provide evidence of the fault being present or developing at supply.

I have looked at the evidence provided and can see that the vehicle passed a MOT in November 2022. The issues arose around 10 months later and based on the diagnostic report and works estimate Mr S had been able to drive the vehicle over 43,000 miles during the period. The diagnostics stated there were no fault codes stored. So, while it is clear that the vehicle experienced a major issue at end September 2023, I do not find I have evidence to show that this was present or developing before that time.

I also note that at the time of the engine failure, the vehicle had been driven 157,565 miles. So, while I appreciate that Mr S had use of the vehicle for less than a year before a major repair was needed, based on the vehicle's age and mileage, and the mileage Mr S was able to cover, I do not find I can say that the vehicle wasn't sufficiently durable.

I note Mr S's comment that he needed to top up the oil from the outset and he believed this showed the fault that caused the engine to seize was present at supply. But, based on the other information provided, and without evidence that the fault that occurred in September 2023 was due to a fault present or developing at supply, I do not find I have enough evidence to uphold this complaint.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 18 July 2024.

Jane Archer
Ombudsman