

The complaint

Mr A has complained about the quality of a car he acquired, using finance from Moneybarn No. 1 Limited.

What happened

In May 2022, Mr A entered into a finance agreement with Moneybarn, for a used car. Unfortunately, he's explained he's had a number of problems with it. He contacted the dealership to say there'd been a rattling noise as he drove the car home, and the car also went back to the dealership multiple times in June and July 2022. A number of repairs were carried out, including to the brake lining kit, brake discs, wheel hub assembly and the rotor assembly.

However, he thought there were a number of other issues, so complained to Moneybarn. It arranged an independent inspection to look into these. The resulting report noted that the inspector hadn't been able to confirm all the issues that Mr A had referred to, but did find the following: a knocking noise from the nearside front; the nearside front inner tyre rod end boot cover outer clip was missing; and when driving the vehicle in a straight line, there was minimal left turning.

The inspector noted that he would consider these faults to have been present at the point of supply. Moneybarn said it would contact the selling dealership to arrange the replacement of the outer clip and to investigate/repair the knocking noise. Mr A responded, saying the issue with the vehicle pulling to the left would also need to be looked at. And he was unhappy the fault with the wing mirror wasn't confirmed, and rectifying the scratched panels and repairing the heat shield wouldn't be included. Moneybarn then said it would cover the cost of investigating the noise from the nearside front, replacing the front tyre rod, look into the issue with veering left, and also send a payment of £180.

Mr A then took the car to a third party garage, which I will call 'G'. This was to carry out a health check, and provide a quote for repairs. Moneybarn then agreed to meet these costs, with the exception of the heat shield.

Mr A remained unhappy, so brought his complaint to our service. One of our investigators looked into what had happened, but thought Moneybarn had done enough to put things right. He felt that repairs had been carried out which rectified some of the issues. And the outstanding issues were either cosmetic and commensurate with the age and mileage of the car, or couldn't be shown to have been present at the point of supply.

Mr A disagreed. He made a number of points. I've summarised these below, focusing on what I feel goes to the heart of the complaint. This isn't intended as a discourtesy to Mr A, and I thank him for the detail he's provided. These were:

- he's only driven 2,000 miles since getting the car;
- the price of the car was £14,990, and he paid a £6,500 deposit. He is currently making monthly repayments of £258 and has not missed any payments;

- he had to pay £70 for the diagnostic test, and hasn't had this refunded;
- he raised the issues of the wing mirror, the rattling, and the car heating up from very early on;
- after G completed the repairs, the noises continued, so he took the car to another garage – which I'll refer to as 'T'. T identified that the rear trailing arm bushes needed to be replaced on both sides. At the time of this repair, T also identified that the air conditioning was not working, so this had to be repaired as well;
- in the short time he's had the car, he's had new brakes & new discs, a new nearside rear wheel bearing replaced, rear suspension repairs to both sides, link rod with bushes replacement, front both rack and pinion track rod ends and gaiter replacement, an exhaust heat shield repair, the front left side rod link replaced, front wheel alignment, the air conditioning repaired, the rear trailing arms replaced and a full service; and
- when he contacted the warranty company to try and get the repairs done, he was told it couldn't help, because the repairs were pre-existing issues.

Since our investigator sent his view, Mr A has had works carried out by T, totalling £1,510.06, as the noises coming from the car were getting louder and louder. Unfortunately, he's still hearing various noises, so the issues persist.

Mr A also described how difficult this period's been for him.

The complaint was then passed to me. As I disagreed with our investigator, I issued a provisional decision explaining why, and I gave both parties the opportunity to respond.

In that decision, I said as follows.

When Mr A acquired the car, it was four years old, and had around 55,000 miles on the clock. So, a reasonable person would expect there to be some wear and tear. But, crucially, this would be commensurate with its age and mileage. Here, there are so many issues, that I'm persuaded they go well beyond what should be expected – especially considering the car was over £14,000. I will not list all of the issues again, as I've set them out above. But there have been what seem to be an almost endless catalogue of problems. It's also key that, despite numerous repair attempts, the noises persist.

For these reasons, I'm satisfied that it's fair for Mr A now to be able to reject the car. He should also be reimbursed for the diagnostic test(s), plus all repairs that he's paid for. I accept that he has taken the car to T off his own bat, without asking Moneybarn. But I think this was reasonable, given how desperate he had become by this point, and given that previous repair attempts had failed. I note that the service shouldn't be reimbursed, because this is part of the standard upkeep of a car.

It's also clear that Mr A's enjoyment of the car has been severely impaired, and there have been spells where it's been in the garage. So, I think he should be reimbursed 50% of each of his monthly repayments, to reflect this.

It's also the case that Mr A's warranty has been all but useless to him, and this is as a direct result of the car being of unsatisfactory quality. So, Moneybarn should reimburse him what he paid for the warranty.

Further, Mr A will likely be charged an admin fee for transferring his motor insurance to

another car, or cancelling it. This is also a consequential loss that Moneybarn should reimburse him for, upon proof of the cost incurred.

I'm also satisfied that the matter has been extremely stressful and inconvenient. Mr A has had the worry of costly repairs, and a stream of car problems. He's explained the effect this has had on him, and understandably it's significant. I think £500 compensation is appropriate to reflect this. For the avoidance of doubt, this in addition to the £180 Moneybarn paid him early on in the process.

Mr A accepted my provisional decision. However, he explained that since I issued it, he's incurred further repair costs of £591.26. The warranty company also agreed to cover a separate cost of £57.58.

Moneybarn said that, given the inherent issues, it could accept the unwinding of the agreement. But, it didn't agree it should refund any admin fees for insurance, given the insurance is a legal requirement, and Mr A had use of the car. It had no further comment regarding the additional repair costs incurred after my provisional 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 see no reason to depart from the findings in my provisional decision. As regards the further repairs, it follows that Moneybarn should reimburse Mr A for these too. Even if they weren't connected to the fault (which seems unlikely), they've been done so recently, that Mr A won't have the benefit of them.

I note that since my provisional decision, there has also been another expense of £57.58, which was met by the warranty company. However, I still consider it fair that Moneybarn reimburses Mr A for the cost of his warranty, given that Mr A has had no real benefit of it.

As regards the insurance admin fee, Moneybarn is of course correct in saying that insurance is a legal requirement. But, I'm not asking it to refund the premium. I'm asking it to refund any admin fee that's incurred for cancelling/transferring the policy. This is something that wouldn't need to be done, if the agreement wasn't being, in effect, unwound.

Putting things right

To put things right, Moneybarn should:

- end the agreement and collect the car at no cost to Mr A;
- refund his deposit, adding 8% simple interest a year, from the date of payment to the date of settlement;
- refund 50% of each of Mr A's monthly repayments, adding 8% simple interest a year, from the date of each repayment to the date of settlement;
- refund Mr A for the diagnostic test(s), adding 8% simple interest a year, from the date of the invoice to the date of settlement;
- refund Mr A for all repairs (insofar as it hasn't already), including the further cost of £591.26 since my provisional decision, adding 8% simple interest a year, from the date of each invoice to the date of settlement;

- refund Mr A the cost of his warranty, adding 8% simple interest a year, from the date of payment to the date of settlement;
- pay Mr A for any admin fee he incurs for cancelling/transferring his car insurance policy, upon evidence of him incurring the cost;
- pay him £500 for the distress and inconvenience caused; and
- mark the agreement as settled on his credit file.

My final decision

It's my final decision to uphold this complaint. I require Moneybarn No. 1 Limited to take the actions set out above, in the section entitled 'Putting things right'.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 24 April 2024.

Elsbeth Wood
Ombudsman