

## **The complaint**

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

At times, Mr K has been represented in bringing his complaint. But for clarity, I'll refer to all submissions made on his behalf, as having been made by him directly.

## **What happened**

In April 2022, Mr K took out a finance agreement with Moneybarn for a used van. It was under four years old and had a recorded mileage of around 68,000 miles. The cash price of the van was £13,950 and the total amount payable was £20,603.98.

Mr K has explained he took the van to be serviced at a garage – which I'll call 'A' – in August 2022. But it said it couldn't complete the service, because there was an engine fault. Mr K then took the van to a manufacturer make garage – which I'll call 'B'. B said there was a problem with the pistons and the van wasn't safe to drive.

Accordingly, Mr K complained to Moneybarn in early September. It arranged a report, from a company I'll call 'C'. This was carried out in the December. C didn't identify any faults with the van, and said it appeared to be performing in line with its age and mileage.

In the interim, Moneybarn also received a communication from the dealership, saying it hadn't been able to find a fault.

During this period, Mr K also sent a video of the engine with an audible ticking noise, and steam rising from the engine oil cap. He also sent Moneybarn an unpaid invoice of £164.69, for an oil replacement, air and diesel filters.

Based on C's report and the comments from the dealership, Moneybarn didn't uphold Mr K's complaint. But it accepted its communication could have been better, and paid him £50 as an apology. It also credited his account with £164.69 to cover the invoice, as a gesture of goodwill.

Mr K then brought his complaint to our service, and has explained he wants Moneybarn to take the van back.

One of our investigators looked into what had happened. She noted that as it's a used van, it's fair to say that a reasonable person would expect that parts of the van might have already suffered some wear and tear. And there's a greater risk this van might need repair and/or maintenance sooner than a van which wasn't as road-worn when it was supplied. She was sorry to hear the van wasn't performing as Mr K would like. But she wasn't persuaded anything was actually wrong with it.

Mr K disagreed, and provided a further report and health check, from a company I'll call 'D'. But she noted that all this found was that the engine has an intermittent erratic idle speed, which should be investigated further.

He also provided a diagnostic test report, which I'll refer to as 'E', which included the presence of intermittent fault codes for the engine electronics. It also notes the presence of oil residue, and that work would need to be done to identify the source of a leak – which may indicate a major potential problem.

Mr K went on to provide another report from a garage I'll refer to as 'F'. The investigator agreed that it seemed likely from this report that there is a fault with the van. The report clearly states there was a lot of smoke and noise, and they suspected there was a crankcase pressure which can be caused from a head gasket or piston damage.

So, she went on to consider whether the fault was present or developing at the point of supply, or if the van wasn't reasonably durable. But, she didn't feel there was enough evidence that either of these things were the case.

The complaint was then passed to me. As I was minded to uphold it, I issued a provisional decision to explain why, giving both parties the opportunity to respond with anything further. In that decision, I said the following.

*Both parties have supplied reports/comments/diagnostics – which I've referred to above as A-F, plus comments from the dealership. Like our investigator, I find report F particularly compelling. This strongly indicates to me that there's an issue with the head gasket or piston damage. I would typically not expect such significant problems until around 100,000 miles – and the van has done nowhere near this.*

*I'm aware that report F is more recent, so I've looked at earlier reports to see if there's any indication there that this likely problem existed when the van was supplied. And the very first two reports, from August 2022, are both supportive of this. Indeed, A said it couldn't complete the service, because there was an engine fault. B said there was a problem with the pistons and the van wasn't safe to drive.*

*I'm aware that other evidence has been presented, where these issues weren't identified. But I find A, B and F, taken together, to be particularly persuasive. I don't think there can be any real doubt that there's something quite major wrong with the van, and that this first came to light in August 2022.*

*Given the ongoing and lengthy history, the issue presenting itself within the first six months, and the fact Mr K has understandably completely lost faith in the van, I'm satisfied that he should be able to return it.*

*Further, I think it was reasonable of him to incur any report costs that he did, because he rightly considered the van to be faulty.*

*In addition, I understand he hasn't driven the van since August 2022. Given he was advised it was unsafe, I consider this to be completely reasonable. So, he should be reimbursed for all monthly repayments from that point.*

*He will also likely incur an admin fee for cancelling his van insurance, or transferring it to another vehicle. As this is a consequential loss, Moneybarn should pay him this, upon receiving proof if he incurs it.*

*Finally, I've thought about compensation for distress and inconvenience. I'm satisfied that this has been a very stressful, frustrating and worrying time for Mr K. He's not had use of the van and has also been obtaining various reports. I think £300 is a fair sum in recognition of this (in addition to the £50 already paid).*

Mr K agreed with my provisional findings. Moneybarn didn't have anything further to add.

### **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.

Given that no further submissions were made, I see no reason to depart from my provisional decision.

### **Putting things right**

To put things right, Moneybarn should:

- end the agreement and collect the van at no further cost to Mr K;
- refund the deposit, adding 8% simple interest a year, from the date of payment to the date of settlement;
- refund anything Mr K has paid for the reports/health checks referred to above, adding 8% simple interest a year, from the date of each payment to the date of settlement - subject to proof of these payments;
- refund all monthly repayments, from and including August 2022, adding 8% simple interest a year, from the date of each repayment to the date of settlement;
- pay a further £300 for the distress and inconvenience caused;
- ensure no negative information in respect of this agreement is recorded on Mr K's credit file, and mark the agreement as settled; and
- reimburse him for any admin fee he incurs for cancelling or transferring his motor insurance policy, subject to proof of this cost being incurred.

### **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 K to accept or reject my decision before 18 April 2024.

Elspeth Wood  
**Ombudsman**