

The complaint

Ms L complains about the quality of a used car she acquired through a hire purchase agreement with Moneybarn No. 1 Limited trading as Moneybarn ('Moneybarn'). Ms L says that the car had issues from around three weeks after she acquired it, and these weren't repaired. The car then went on to have a significant engine problem.

What happened

Ms L's complaint is about the quality of a car she acquired in April 2023. The car was used, and it was first registered in September 2012. So, it was over nine years old when Ms L received it. It had covered 93,547 miles.

Ms L acquired the car using a hire purchase agreement that was started in April 2023. The vehicle had a retail price of £4,990 and all of this was financed. This agreement was to be repaid through 51 monthly instalments of £143.79 followed by an instalment of £153.79. If Ms L made repayments in line with the credit agreement, she would need to repay a total of £7,487.08.

Below is a summary of the issues complained about by Ms L and the investigation and repair work that has been carried out by the dealership, alongside what has happened in respect of the complaint.

Ms L contacted the dealership in June 2023 saying that she was experiencing some warning lights in the car. I've not seen what these were exactly, but I understand they were related to the fuel filter and the car's electronic stability controls. The dealership wrote to Ms L in July 2023 saying that these faults could be fixed under warranty and advised her to contact the warranty company. I understand that Ms L was unable to have the car repaired under the warranty before the warranty expired. As far as I can see, the car wasn't repaired at this time.

The car engine failed in January 2024. Ms L complained to Moneybarn, as well as the dealership, about the car.

The dealership (who were also the credit intermediary) responded in January 2024 and said that Ms L had been in possession of the vehicle since April 2023 and so it wasn't established that the recent faults were present, or developing, at the time of sale. It said that Ms L could get an independent reporting company to look at the car and determine whether this was the case.

Ms L has provided an email from a third party garage dated from April 2024 which says that the engine problem could have been caused by an oil blockage, or lack of lubrication, and could have been developing before Ms L purchased the car. It said the piston and con rods had broken through the side of the engine. The cost of the repair makes the car not economical to fix.

Moneybarn considered this complaint, and it didn't uphold it. It said Ms L had reported warning lights and faults with the vehicle engine, that the air conditioning was not working

properly. It said she has been told it could cost £8,000 to repair all of these. In the light of this it has asked Ms L to either obtain, or help it obtain, a diagnostic report into the problems with the car. It said it was unable to contact Ms L as it said she did not respond to its communications over several months, and so it wasn't able to fully investigate the issues with the car.

Ms L didn't agree with this and brought her complaint to the Financial Ombudsman Service.

Our Investigator didn't uphold Ms L's complaint. She said that the issues she noticed with the car near the point of sale seemed to have been separate from the engine problems. And if the engine problems had been present at the time of sale, it's likely that Ms L would have noticed them sooner. Our Investigator thought that the engine problems were likely to be normal age related wear and tear and so they didn't indicate that the car wasn't of unsatisfactory quality.

Ms L didn't agree with the Investigator. She maintained that she was sold a car with problems, and this has been backed up by a mechanic. No works were carried out on the car. There was some further correspondence, but no new issues were raised.

Because Ms L didn't agree, this matter has been passed to me to make a final 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.

In considering what is fair and reasonable, I need to have regard to the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider was good industry practice at the relevant time.

The agreement in this case is a regulated hire purchase agreement – so we can consider a complaint relating to it. Moneybarn as the supplier of the goods under this type of agreement is responsible for a complaint about their quality.

The Consumer Rights Act 2015 ('CRA') is relevant to this complaint. It says that under a contract to supply goods, there is an implied term that 'the quality of the goods is satisfactory'.

To be considered 'satisfactory', the goods would need to meet the standard that a reasonable person would consider satisfactory – taking into account any description of the goods, the price and all the other relevant circumstances. So it seems likely that in a case involving a car, the other relevant circumstances a court would take into account might include things like the age and mileage at the time of sale and the car's history.

The CRA quality of the goods includes their general state and condition and other things like their fitness for purpose, appearance and finish, freedom from minor defects, safety, and durability can be aspects of the quality of goods.

This car was just over nine years old when Ms L acquired it and it had travelled around 94,000 miles. I think a reasonable person would accept that such a vehicle would probably have some parts that are worn and would need replacing sooner or later – which is reflected in the lower price paid in comparison to a new vehicle.

But there's also a reasonable expectation that a vehicle will be relatively durable - taking into

account its age, price and mileage at the outset. So even though the vehicle wasn't new, Ms L should have been able to use it for a reasonable period of time before it needed significant work.

It's clear that Ms L reported that she was having some problems with the car soon after she acquired it. These seemed to relate to some engine filters and the car's stability system. I can see the dealership offered to repair these, but I don't think a repair took place. And later, it's been established that the car engine failed, and the car may now need a new engine. So, I think it's reasonable to say that there were some faults with the car.

Moneybarn has said the engine faults happened too far on from the point of supply for them to have been present when Ms L acquired the car. I appreciate the engine problems with the car happened about nine months after Ms L got the car. But I need to consider whether the car was durable. If the parts or systems of the car fail prematurely, this might indicate there was already a problem with the car when it was supplied.

I think it's firstly worth noting that the earlier problems that Ms L reported to the dealership, soon after she acquired the car, don't seem to have been related to the later engine problems. And it's to be expected that a car of this age will have some areas that need work. And I think the problems that Ms L had with the car at the start fall into this category. And they don't mean that the car wasn't of satisfactory quality.

But the car did develop a serious engine problem, and this is the area that Ms L's complaint has focussed on. I've thought about whether the engine failure means that the car wasn't durable and so wasn't of satisfactory quality.

I can see that Ms L had the car looked at by a garage which said that the car was likely to be developing this fault at the time of sale. Having thought about what the garage has said I don't think it's helpful to Ms L. This is because what the engineer seems to be saying is that this type, or model, of car engine can be prone to this kind of failure. And by this he means that the fault was inherent with the car.

But I think that most vehicles of the age of the car Ms L acquired are at risk of needing more involved repair or maintenance. And the engineer hasn't directly said that the engine issues would have been present at the time of sale, rather that there was risk of it happening due to the type of car.

But I don't think this is much different to any other car of this age and mileage. Due to the length of time the car had been used and driven, there was always a risk of more serious problems developing sooner rather than later. And this is due to the wear and tear from the previous miles driven or the age of the car.

And Ms L was able to drive the car for a reasonable amount of time before the engine problem became apparent. I don't think this problem could have been present or developing at the time of sale as Ms L would have noticed it, given that it led to the car becoming undriveable.

So, I can't say it's likely that the engine problem was apparent or developing at the time the car was supplied to Ms L. It follows that, having looked at everything, I don't think there is enough for me to say that the car was not of satisfactory quality when it was supplied. And whilst the car breakdown was unfortunate, I don't think that Moneybarn should be responsible for putting the faults with the car right or paying any compensation.

My final decision

For the reasons set out above, I don't uphold Ms L's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms L to accept or reject my decision before 26 March 2025.

Andy Burlinson
Ombudsman