

The complaint

Mr B is unhappy that a car supplied to him under a conditional sale agreement with Moneybarn No. 1 Limited ("Moneybarn") was of unsatisfactory quality.

What happened

In August 2022, Mr B was supplied with a used car through a conditional sale agreement with Moneybarn. The agreement was for a purchase price of £4,200, with an initial payment of £200 followed by 55 monthly payments of £129.87. At the time of supply, the car was 10 years old, had done 59,408 miles, and passed its MOT in June 2022.

Within a few days of having the car, Mr B paid to have the air-conditioning (AC) re-gassed. He paid for the same work again one month later. Towards the end of October, Mr B paid for repairs to the steering rack and column, suspension and tyres. In June 2023, Mr B paid for a number of repairs, including replacement spark plugs, brake pads and discs, steering fluid flush and replacement filters. Finally, in December 2023, a power steering fault was investigated, though Mr B declined further repairs because the cost would've been around £1,500.

At this point, Mr B complained to Moneybarn. He said the car was not of satisfactory quality when it was first supplied to him, and he wanted Moneybarn to refund the repair costs and his monthly payments.

Moneybarn asked for evidence of the repairs and Mr B supplied copy invoices along with the most recent MOT from June 2023. After looking into his complaint, Moneybarn sent its final response letter to Mr B. It said he shouldn't have needed to re-gas the AC so soon after getting the car. Moneybarn offered £175 for the cost of re-gassing the AC and to include an element of compensation for the distress and inconvenience.

However, Moneybarn didn't think it had any liability for the remaining repair costs. It said the dealership had no record of Mr B taking the car back to report faults, so there hadn't been an opportunity to identify any fault or complete a repair. Further, Mr B had the car for more than a year before he told Moneybarn about the repairs, so it didn't think he'd provided evidence that the car was of unsatisfactory quality at the time of supply. Moneybarn also considered the repairs fell within the category of expected wear and tear for a car of its age and mileage.

Unhappy with Moneybarn's response, Mr B brought his complaint to us.

One of our investigators looked into his complaint, but she didn't think it was one we should uphold. She said Mr B's evidence clearly showed there'd been faults with the car's AC and steering, but there was nothing to show that the steering was a problem from the date of supply. Given the age and mileage of the car, our investigator thought the repairs could reasonably be considered general wear and tear. Our investigator thought it was reasonable that Moneybarn reimbursed the AC re-gas costs, but she didn't think it needed to do any more than it had already offered.

Mr B didn't agree, so his complaint was 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.

Having done so, I've reached the same overall conclusions as the investigator, and for broadly the same reasons. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome. Where evidence has been incomplete or contradictory, I've reached my view on the balance of probabilities – what I think is most likely to have happened given the available evidence and wider circumstances.

In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and what I consider was good industry practice at the time. Mr B was supplied with a car under a conditional sale agreement. This is a regulated consumer credit agreement which means we are able to investigate complaints about it.

The Consumer Rights Act 2015 (CRA) covers agreements such as the one Mr B entered into. Under this agreement, there is an implied term that the goods supplied will be of satisfactory quality. The CRA says that goods will be considered of satisfactory quality where they meet the standard that a reasonable person would consider satisfactory – taking into account the description of the goods, the price paid, and other relevant circumstances.

Satisfactory Quality

Mr B said the car was not of satisfactory quality from the day it was supplied. The handover checklist sheet, which Mr B signed as accurate, shows that the AC was "*blowing but not cold*". This confirms that the AC was not fully functioning, and that Mr B would've been aware of it at the point of supply. Re-gassing a car's AC falls under routine maintenance and repairs, but as it wasn't working properly I think it was reasonable that Moneybarn offered to cover that cost. I'm satisfied it was a fair offer.

Section 24(5) of the CRA says, "*a consumer who has ... the right to reject may only exercise [this] and may only do so in one of these situations – (a) after one repair or replacement, the goods do not conform to contract.*" Looking at the repair invoices Mr B provided, it's clear that the car needed other work during the following year. But I haven't seen any evidence to suggest that Mr B gave the dealership or Moneybarn an opportunity to inspect the car for an existing fault and/or attempt a repair.

The October repair appears to have been relatively minor: for context, it's the type of repair that might be carried out when steering and tyres have been affected when hitting a kerb or pothole. I note that the car had done around 2,500 miles in the two months leading up to this repair. Arguably, a car of this age and mileage being able to travel that distance – seemingly fault free – suggests that it was of satisfactory quality when supplied. Significantly, however, I've not seen any evidence which persuades me that the repairs were required as a result of a fault present at the point of supply.

The invoices show that the works completed in June 2023 – almost a year after Mr B got the car – were part of a service and to ensure the car passed its MOT. At this point, the car was 11 years old and had done a further 6,000 miles. Thinking about the age of the car, the mileage, the routine nature of the work, and the time that had passed since supply, I can't fairly say these repair invoices are evidence that Moneybarn supplied a car of unsatisfactory quality.

When Mr B's car had problems with the steering assist in December 2023, he'd had the car for well over a year and he'd done over 12,000 miles. I think the age and mileage of the car are relevant circumstances, here. Therefore, it's reasonable that Moneybarn denied liability for the cost of repairs it didn't have an opportunity to inspect, and that Mr B hadn't shown were present at the point of supply.

Mr B said he didn't feel safe having his young family in the car but, without access to another car, he had no choice but to drive his. While that may be the case, it was more than a year before he reported the final fault to Moneybarn. I think it's more likely than not, that if Mr B felt there had been an existing, unsafe fault from the day he got the car, he'd have reported it to Moneybarn much sooner. I can't reasonably conclude that Moneybarn did anything wrong by turning down his request for repair costs, a refund of payments and compensation.

As a final point, Mr B voluntarily terminated his finance agreement with Moneybarn. Since doing so, he complains about an arrears notice issued by Moneybarn, and other matters relating to the settlement of the credit agreement. When Mr B brought his complaint to us, he still had the car, and the credit agreement was still in place. Therefore, Moneybarn hasn't had an opportunity to comment. Any matters relating to the settlement will be a new issue of complaint which Moneybarn must first have an opportunity to address. For that reason, I make no finding on Mr B's complaint about the arrears notice and settlement figure.

To conclude, the evidence persuades me that Moneybarn did not have an opportunity to investigate the faults Mr B had repaired. And Mr B hasn't provided evidence to persuade me that the faults, with the exception of the AC, were present at the point of supply. Therefore, I'm satisfied that Moneybarn fairly considered Mr B's car repairs to be routine and expected for a car of that age and mileage. I don't find that Moneybarn treated Mr B unfairly or that there's anything it needs to put right.

My final decision

For the reasons explained, my final decision is that I don't uphold Mr B's complaint about Moneybarn No. 1 Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 14 October 2024.

Debra Vaughan
Ombudsman