

The complaint

Mr G complains that a car that was supplied to him under a conditional sale agreement wasn't of satisfactory quality.

What happened

A used car was supplied to Mr G under a conditional sale agreement with Moneybarn that he electronically signed in December 2022. The price of the car was £6,990 and he agreed to make 35 monthly payments of £294.47.

Mr G had some issues with the car in December 2023 so he called out a mechanic who diagnosed some problems with the car's engine and body control units. Mr G complained to Moneybarn about those issues but it said that the issues raised were the result of wear and tear so it was unable to uphold his complaint.

Mr G wasn't satisfied with its response so he complained to this service. He voluntarily terminated the agreement in January 2024 and the car was collected from him. Moneybarn then sent him a letter which said that he owed £1,708.52 for the voluntary termination and the estimated repair cost of the car was £2,000 but it would sell the car at auction, unrepaid, and Mr G would then owe it the lesser of the reduced value of the car and the repair costs. Moneybarn collected the car later that month (when its mileage was 120,117 miles) and it was sold in February 2024. It sent Mr G a billing statement in March 2024 which said that the final balance due from him was £3,692.94.

Mr G's complaint was then looked at by one of this service's investigators who, having considered everything, didn't think that it should be upheld as she thought that the car was of satisfactory quality when it was supplied. She thought that the problems were due to a reasonable level of wear and tear, which she said can be expected with a car of this age and mileage.

Mr G didn't accept the investigator's recommendation and asked for his complaint to be considered by an ombudsman. He says, in summary and amongst other things, that: he doesn't consider the engine control unit of a car to be a wear and tear item as it's a critical component that should last the lifetime of the car; and it's disheartening that he's being held liable for a substantial financial burden due to an issue that stems from an underlying problem with the engine control unit.

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.

Moneybarn, as the supplier of the car, was responsible for ensuring that it was of satisfactory quality when it was supplied to Mr G. Whether or not it was of satisfactory quality at that time will depend on a number of factors, including the age and mileage of the car and the price that was paid for it. The car that was supplied to Mr G was more than eight years old, had been driven for more than 106,000 miles and had a price of £6,990. Satisfactory quality also

covers durability which means that the components within the car must be durable and last a reasonable amount of time – but exactly how long that time is will depend on a number of factors.

There doesn't seem to be any dispute that issues with the car occurred in December 2023 or that Mr G called out a mechanic who diagnosed some problems with the car's engine and body control units. The diagnostic report identified eight faults with the transmission electronics and recorded the car's mileage as 81,478 (but I'm satisfied that that figure isn't correct).

The car passed an MOT test in November 2022, before it was supplied to Mr G, and its mileage is shown on the test certificate as 106,036 miles. The certificate lists some advisories about a lamp, tyres and a seat belt but there were no advisories about any issues relating to the engine. The dealer's invoice for the car shows the car's mileage as 105,678 miles but the car's mileage when it was supplied to Mr G would have been more than was recorded on the MOT test certificate.

Mr G was able to use the car for twelve months before he called out the mechanic and Moneybarn says that the car's mileage when it was collected from Mr G in January 2024 was 120,117 miles. So in those twelve months he'd been able to drive the car for about 14,000 miles and Mr G referred in his complaint form to his daily commute and I consider it to be clear that he had significant use of the car during that time.

I've seen no evidence to show that there was a fault, either present or developing, with the car's engine control unit when the car was supplied to Mr G in December 2022 or that there was an underlying problem with the engine control unit. I'm not persuaded that it's fair or reasonable to expect a car's engine control unit to last for the lifetime of a car as it's a component that can fail. I agree with Mr G that the engine control unit wouldn't be considered to be a wear and tear item but the older a car is and the more that it's been used, the more likely it is that there will be problems with components of the car, such as the engine control unit.

Mr G voluntarily terminated the conditional sale agreement in January 2024 and the car was collected from him. Moneybarn then sent him a letter which said that he owed £1,708.52 for the voluntary termination and the estimated repair cost of the car was £2,000. It said that it would sell the car at auction, unrepaid, and would only charge Mr G the lesser of:

“... the difference between the reduced amount we expect to sell the vehicle because of its condition, and its normal market value; or the cost of repairs needed to meet the fair wear and tear standard”.

The conditional sale agreement says, in a section about termination of the agreement:

“You must pay the cost of repairs required to bring the goods to a reasonable condition and working order to reflect the condition the goods would have been in had you taken reasonable care of the goods. At our discretion we may decide that repairs are not to be undertaken. In this case you must pay the reasonable costs which equate to the loss in value of the vehicle caused by the goods not being returned in a reasonable condition”.

The car wasn't returned to Moneybarn in a reasonable condition and working order so I consider that Moneybarn was entitled to charge Mr G for the cost of repairs or the loss in value, as it said it would do in the letter that it sent to Mr G. Moneybarn says that the car was sold in February 2024 and it sent Mr G a billing statement in March 2024 which said that the final balance due from him was £3,692.94.

I'm not persuaded that there's enough evidence to show that the car wasn't of satisfactory quality when it was supplied to Mr G or that Moneybarn has acted incorrectly in dealing with Mr G's voluntary termination of the agreement. I appreciate that this will be disappointing for Mr G but I find that it wouldn't be fair or reasonable in these circumstances for me to require Moneybarn to waive all or any part of the final balance that was due from him of £3,692.94 or to take any other action in response to his complaint. If he hasn't already done so, I suggest that Mr G contacts Moneybarn about the amount that he owes to it and he may be able to agree an affordable payment arrangement with it.

My final decision

My decision is that I don't uphold Mr G's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 31 December 2024.

Jarrold Hastings
Ombudsman