

The complaint

Mr W complains about the quality of a car supplied to him on finance by Moneybarn No. 1 Limited trading as Moneybarn ('MB').

What happened

The parties are familiar with the background details of this complaint – so I will briefly summarise them here. It reflects my role resolving disputes with minimum formality.

In May 2023 Mr W took out a conditional sale agreement for a car with MB. However, Mr W says he has had several problems with the car from an early stage. He raised a complaint about it to MB in April 2024. And then chose to hand back the car and end his finance agreement by Voluntary Termination ('VT') on 14 May 2024.

MB concluded Mr W had not provided persuasive evidence to show that it was liable for issues with the car. It noted he had purchased a second-hand car and some wear and tear would be expected.

Our investigator looked at the complaint. She didn't think MB had acted unfairly in not accepting liability for the issues with the car. However, she thought its answer to his complaint contained a mistake – and this would have caused some distress. She said MB should pay Mr W £100 compensation – and it agreed with this.

Mr W has asked for an ombudsman to look at things for 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.

While I might not comment on everything (only what I consider key) this is not meant as a discourtesy to either party – it reflects my role resolving disputes with minimum formality.

I note the complaint Mr W made to MB initially was about the quality of the car – and it is this which was answered in its Final Response Letter dated 16 May 2024. This is the complaint I am dealing with here. I note our investigator has gone on to look into other things such as MB defaulting Mr W and its response to his financial difficulties, along with the damage charges applied after the car was returned via VT. However, while this service can look at these issues as separate matters – I am not going to be dealing with them here as they do not form part 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 to have been good industry practice at the relevant time.

The agreement in this case is a regulated consumer credit agreement. As such, this service is able to consider complaints relating to it. MB is also the supplier of the goods under this

type of agreement, and responsible for a complaint about their quality.

The Consumer Rights Act 2015 is of particular relevance 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”.

The Consumer Rights Act 2015 says the quality of goods are satisfactory if they 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 vehicle’s history.

The Consumer Rights Act 2015 (‘CRA from now on’) says the 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.

MB supplied Mr W with a second-hand car that was around 6 years old and had done 81,600 miles at the point of supply. The dealer priced it at £7,664 which is notably less than what a new or newer model with less mileage would cost. It is fair to say that in these circumstances (particularly noting the mileage) a reasonable person would consider that the car had already suffered significant wear and tear – and was likely to require more maintenance and potentially costly repairs much sooner than you might see on a newer, less road worn model. And I can’t see evidence that the dealer described the car in such a way that would alter those expectations.

While there would still be some reasonable expectations about the quality of the car, I don’t consider that Mr W provided MB with persuasive evidence that it was not of satisfactory quality at the point of sale. I say this noting:

- There is not a lot of information beyond testimony to show the exact nature of the issues with the brakes which Mr W has said occurred nearer the point of supply, and in any event the need for replacement brake pads could be put down to reasonable wear and tear on an older high mileage car like this one;
- by the time Mr W approached MB he had been using the car for almost a year – so it would have suffered further reasonable wear and tear;
- there appears to be little persuasive evidence provided by Mr W to MB to show the nature of the claimed faults with the engine, wiring or battery such as detailed diagnostics, job sheets or an expert report – the paperwork lacks detail and the videos and photos Mr W has supplied do not persuasively show that the car was not of satisfactory quality at the point of sale (while certain issues he has mentioned like ‘rusting’ can be put down to reasonably expected wear and tear in any event).

In the circumstances, I don’t consider it unreasonable MB would require an expert report or similarly persuasive evidence from Mr W to show that it was liable for the issues he had raised. However, Mr W did not obtain this even though the broker had recommended he do so. And while there appears to be a suggestion by Mr W that MB told him it was going to arrange an inspection with the information he sent it, I don’t see any persuasive evidence of this. It seems unlikely in the circumstances – noting the time that had elapsed since the point of supply and the practicalities of performing an inspection from the limited video and photographic information Mr W had provided.

So while I am sorry to hear about the issues Mr W had with the car, I don’t consider MB was acting unfairly in not accepting liability at the time he approached it. And while Mr W made

the choice to give up the car and terminate the agreement I can't say that MB is fairly liable for this in the circumstances here. I say this also noting that VT is an independent provision which a customer can choose to return a car if they wish – but is not related to whether the car was of satisfactory quality at the point of supply (and the right to reject under the CRA) in any event.

For completeness, I note when the car was returned to MB it identified bodywork damage and the need for mechanical repairs. But there is nothing persuasive to show these issues made the car of unsatisfactory quality when it was supplied to Mr W, noting the factors I have explained above in respect of the age, mileage and price of the car at the point of sale, the use of it since, and the nature of any faults.

I note MB's letter of response to Mr W's complaint contained an error at the very end indicating his complaint had been upheld as a result of an expert inspection. I am persuaded this is an error – not only because the rest of the letter is clearly not upholding the complaint – but it is clear to me that MB are not willing to accept liability for the quality of the car, did not commission an independent inspection on the quality issues raised by Mr W – and are still holding Mr W liable for the remaining balance he owes.

From the earlier content of the letter (not upholding his complaint) and the factual situation known to Mr W at the time it could be argued it was reasonably clear to him that the paragraph at the end was included in error. Ultimately, in any event I don't think Mr W has shown how this caused him a financial loss. I also note his decision to VT appeared to be before this letter and I don't see how it follows that MB upholding his complaint would have fairly led him to VT the agreement in any event.

With that said, I note this error was not ideal and would have potentially caused a degree of distress. MB has now agreed to pay Mr W £100 compensation for any distress its mistake would have caused. In the circumstances (and noting the guidance on our awards for distress and inconvenience available on our website) I think this is fair and reasonable.

Mr W does not have to accept my decision, and can choose to pursue his complaint about the quality of the car by more formal means if he wishes.

Putting things right

See below.

My final decision

I partly uphold this complaint and direct Moneybarn No. 1 Limited trading as Moneybarn to pay Mr W £100 compensation to resolve this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 5 May 2025.

Mark Lancod
Ombudsman