

The complaint

Mr I is complaining about the quality of a vehicle supplied to him by Secure Trust Bank Plc trading as Moneyway (Moneyway).

What happened

In October 2022, Mr I acquired a vehicle via a hire purchase agreement with Moneyway. He borrowed £6,990 – the cash price of the vehicle. The agreement required Mr I to make monthly payments of £220.18. The sales invoice states the car was first registered in February 2013 and had done 62,444 miles by the time Mr I acquired it.

In January 2023, Mr I contacted Moneyway and described a number of issues he'd had with the car since collecting it. He said he'd lost faith in the dealership and wanted to reject the car as there had been three major faults in the short time he'd had it. Moneyway said they had the right to repair and arranged for the dealership to repair the car. And when Mr I brought that complaint to our service, we agreed – but said Moneyway needed to refund Mr I one month's repayments for the period for which he hadn't had use of the vehicle. This first complaint was resolved in May 2023.

However, in early July 2023, the car failed its MOT. Mr I called Moneyway the same day to tell them and discuss options for ending the agreement. Then, at the end of August 2023, he made a second complaint to Moneyway – saying the repairs that had been carried out earlier in the year had failed, and he wanted to reject the vehicle.

Moneyway arranged for an inspection of the vehicle by a mechanic and then responded to Mr I's complaint. They said the mechanic's report concluded that the burning oil was caused by a partial blockage of the Diesel Particulate Filter (DPF) – and apart from this issue, the vehicle's condition was considered normal.

Moneyway went on to say there was no evidence that the previous head gasket repair had failed or that the recent issues were related to the head gasket. They said cleaning a DPF is a result of normal age-related wear and tear and not something the dealership should be held liable for. So they didn't uphold Mr I's complaint.

Mr I didn't accept Moneyway's response and brought his complaint to our service where one of our investigators looked into it. Our investigator's initial view was that the repairs that had been carried out had failed and therefore Mr I had the right to reject the car. Moneyway didn't accept the view though – they said that DPF cleaning and regeneration is required maintenance and directly influenced by a consumer's driving style. And they said Mr I hadn't mentioned any issues relating to the DPF until July 2023 – so the current problem was unrelated to any previous issues. They added that the current issues are unrelated to the original repairs that addressed contaminated engine oil and said no evidence has been provided to state otherwise.

Our investigator reconsidered his view in light of Moneyway's comments and rejected Mr I's complaint. But Mr I was unhappy, saying he'd had issues with the DPF right at the start – the dealership had looked at the DPF in November 2022 and then the oil issues in January

2023. Mr I asked for a decision – and the matter came to me. I issued a provisional decision on 9 December 2024. I said I was inclined to uphold the complaint and explained as follows:

“The agreement in this case is a regulated consumer credit agreement. As such, this service is able to consider complaints relating to it. Moneyway were the supplier of the goods under this agreement and are therefore responsible for a complaint about their quality.

The Consumer Rights Act 2015 (CRA) 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”. To be considered satisfactory, the CRA says the goods need to meet the standard that a reasonable person would consider satisfactory, taking into account any description of the goods, the price and other relevant circumstances.

The CRA also says that a consumer has the right to reject goods if after one repair, the goods do not conform to the contract. So in this case, if I decide that the car remained of unsatisfactory quality after the repairs Moneyway arranged, then Mr I has the right to reject it.

Moneyway supplied Mr I with a car that was over nine years old and had travelled over 62,000 miles. And the price of the car was significantly lower than it would have been if it had been supplied new. So it’s fair to say a reasonable person would expect parts of the car might have already suffered wear and tear.

From the information provided I’m persuaded there were several faults with the car. I’ll set out below the evidence I’ve considered and the initial conclusions I’ve reached.

Moneyway’s contact notes show that when Mr I called them in January 2023 he mentioned three problems: the auto stop-start wasn’t working when he picked up the car on 14 October 2022, the DPF warning light came on on 24 October 2024, and on 18 January 2023 the oil warning light had gone on. The contact notes show that Mr I told Moneyway he’d had a local garage look at the car and they’d advised him that either it was a problem with the head gasket or oil was getting into the water. So Mr I couldn’t drive the car until it was fixed.

These faults all arose within ten weeks of Mr I collecting the car. And Mr I’s mileage doesn’t appear to have been excessive in that time – by July 2023 he’d driven around 5,000 miles. So I’m inclined to conclude that the faults described by Mr I to Moneyway in January 2023 were present or developing at the time the car was supplied. And, given that Mr I was unable to drive the car within ten weeks of collecting it, it’s fair to say the car wasn’t of satisfactory quality. Moneyway appear to have accepted this – and it was dealt with in Mr I’s first complaint.

Neither Mr I nor Moneyway has been able to supply any evidence showing what repairs were carried out to the car between October 2022 and March 2023. Before he collected the car in March 2023, Mr I queried whether the head gasket had been tested, and wasn’t convinced that the vehicle had been properly repaired. And once he did get the car back, Mr I told Moneyway he was concerned there was still condensation in the oil.

Although Mr I then seems to have driven the car for three months between the beginning of April and the beginning of July 2023, it’s clear there was a problem by the time he took the car in for its MOT test. Mr I told Moneyway that the car was out of oil at this point, and the MOT documents show that the emissions were significantly over the limit. The MOT documents also show that the garage cleaned the DPF and fuel system.

The car was only driven around 60 miles between the MOT and the inspection arranged by Moneyway in October 2023. And yet the inspection suggested that the DPF needed

cleaning again. So, Mr I had raised the DPF with the dealership in October 2022, and they said they'd sorted it. Then the MOT garage cleaned it in July 2023, and the inspection still suggested the DPF was an issue.

On top of this, the inspection arranged by Moneyway seemed clear that there were other potential issues – the report states: “We noted on our inspection that when the engine was run up to temperature that there was a strong smell of burning oil and that oil residue is evident on the tailpipe of the exhaust. We would suggest that further diagnostic checks are required... to determine the exact faults with the engine.”

The evidence I've seen suggests that of the three problems Mr I reported in January 2023, only one of them was fully repaired. Both the DPF and the oil were causing significant problems again by July 2023, and were included in the report of October 2023. In total, Mr I drove the car around 5,500 miles in the year to October 2023. So I can't say that the problems were caused by excessive mileage. In addition, although Moneyway have suggested the issues with the car were caused by Mr I's driving style, they've provided no evidence to substantiate this – so again, I can't say Mr I was to blame for the problems.

In summary, I'm inclined to say the car remained of unsatisfactory quality after Moneyway had arranged repairs – and therefore Mr I had the right to reject the car.”

Neither party responded to my provisional 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'm upholding the complaint for the same reasons I set out in my provisional decision.

Putting things right

Mr I sought to reject the car several times. He informed Moneyway of the problems after the MOT test promptly in early July 2023. It's clear he barely drove the car after that date. That means Mr I should get back everything he's paid towards the car since the end of July 2023. It's fair he pays for his usage of the car before that date – and I think the monthly payments he has made are a fair reflection of that usage.

In addition, Mr I has suffered considerable upset as a result of the issues with the car. He's made numerous calls to Moneyway and several visits to garages. He had to buy another vehicle as he couldn't drive this one. And the whole experience has understandably been very frustrating. So I think Moneyway need to compensate him for this. I'm satisfied £300 is a fair amount to reflect the distress and inconvenience Mr I's suffered.

Moneyway therefore need to take the following steps:

- End the agreement with nothing further to pay and collect the car at no further cost to Mr I;
- Refund any deposit Mr I paid (if any part of this deposit is made up of funds paid through a dealer contribution, Moneyway is entitled to retain that proportion of the deposit);
- Refund any payments Mr I made after July 2023;

- Pay Mr I 8% simple interest per year on all refunds, calculated from the date of each payment to the date of settlement;
- Remove any adverse information relating to the agreement from Mr I's credit file; and
- Pay Mr I £300 to reflect the distress and inconvenience caused by the failed repairs.

My final decision

I'm upholding Mr I's complaint. Secure Trust Bank Plc trading as Moneyway need to take the steps I've outlined above to resolve the matter.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 30 January 2025.

Clare King
Ombudsman