

The complaint

Mr R complains about the quality of a car he has been financing through an agreement with Moneybarn No. 1 Limited trading as Moneybarn.

What happened

Mr R took receipt of a used car in November 2023. He financed the deal through a conditional sale agreement with Moneybarn.

In April 2024 he told Moneybarn the car had been overheating. They arranged an independent inspection and the inspector confirmed that there was rodent damage to the bonnet cover, there were fault codes that needed further investigation under workshop conditions, the car had experienced previous overheating problems and that the high/fast speed cooling fan wouldn't operate. However, despite those findings, the inspector didn't think it was likely the car had any faults when it was supplied to Mr R.

Moneybarn didn't uphold Mr R's complaint but when he referred it to this service our investigator didn't think the inspector had commented on the car's durability. He didn't think it was fair to suggest it had been durable when it had failed after only 300 miles of driving. It was the investigator's opinion that Moneybarn should allow Mr R to reject the car and they agreed. They collected the vehicle in January 2025 but while Mr R was initially prepared to accept the investigator's view of his complaint, he subsequently changed his mind. He was disappointed the investigator hadn't asked Moneybarn to refund the costs he had incurred hiring a car while his was off the road, insuring the broken car when it wasn't being used and paying for an MOT and service before returning it to Moneybarn. Mr R, therefore, asked for a final decision by an ombudsman.

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.

I know it will disappoint Mr R, but I agree with our investigator's opinion. I'll explain why.

Where the information I've got is incomplete, unclear, or contradictory, as some of it is here, I have to base my decision on the balance of probabilities.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point, it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

Mr R acquired his car under a regulated consumer credit agreement and as a result our service is able to look into complaints about it.

The Consumer Rights Act (2015) is the relevant legislation. It says that the car should have been of satisfactory quality when supplied. If it wasn't then Moneybarn, who are also the

supplier of the car, are responsible. The relevant law also says the quality of goods is 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. It says that when we consider satisfactory quality we should consider whether goods have been durable.

In a case like this which involves a car the other relevant circumstances would include things like the age and mileage at the time the car was supplied to Mr R. The car here was about three years old and had completed about 18,857 miles.

An old car with a high mileage will not be expected to be as good as a newer car with a low mileage, but it should still be fit for use on the road, in a condition that reflects its age and price.

While it was about five months before Mr R complained to Moneybarn, he had only driven the car for about 300 miles. I don't think a reasonable person would expect it to have faults in such a short space of time and having covered such limited mileage. The inspector noted several issues with the car and also highlighted some fault codes that needed further exploration under workshop conditions. I can't see that those faults were ever investigated further and, as the car has now been returned, and most likely sold, I think it's unlikely we will not be able to do that now. On balance, I think this car wasn't durable and was, therefore, of unsatisfactory quality when supplied.

The relevant legislation allows a business one opportunity to repair a car in those circumstances but that's no longer possible because Mr R doesn't have the car. I think it would also be unfair to do that as Mr R has been kept waiting for so long for a resolution to this issue. In the circumstances, I would agree with our investigator's view that the car should be rejected, and the agreement ended.

Moneybarn will need to refund any deposit Mr R has paid and, as he's been deprived of that money, they will need to add interest to that refund.

Mr R has been inconvenienced by these issues. He's had to store the car for some time and to contact the dealership about the problems he was experiencing, and he's also had to escalate his complaint to this service when I think it could have been resolved earlier. In those circumstances Moneybarn should pay him £300 compensation for the distress and inconvenience he's experienced.

Mr R hasn't been able to drive the car much as a result of the issues he's had with it. He'd only covered about 300 miles in the car when it was inspected in October 2024. It's not fair for him to have been paying for a car that wasn't of satisfactory quality so I think Moneybarn should refund the finance instalments he's paid. Moneybarn can retain one monthly finance instalment in respect of the limited use Mr R has had from the car. I understand that Mr R has paid to hire a car in the interim but as I'm asking Moneybarn to refund the finance instalments it wouldn't be fair to also ask them to refund hire car costs too.

Mr R has kept the car insured while it was off the road. His agreement with Moneybarn required him to do so and I think the wasted insurance cost was, therefore, incurred as a consequence of Mr R being supplied with a car that was of unsatisfactory quality. It may have been in his remit to SORN the vehicle and mitigate that loss, but as he didn't know when his complaint would be resolved it was understandably difficult for him to do so. If Mr R can provide proof he paid for insurance while the car was off the road, I think Moneybarn should provide a pro-rata refund from the date he reported the matter to them (25 April 2024) until the date the car was collected in January 2025.

Mr R has also explained that he had to have the car serviced and MOT'd before he returned it to Moneybarn. The terms of his agreement required him to do that, and the costs were, therefore, unavoidable. I'm not asking Moneybarn to refund them.

My final decision

For the reasons I've given above, I uphold this complaint and tell Moneybarn No. 1 Limited to:

- Allow Mr R to reject the car and end the finance agreement.
- Refund any deposit that has been paid and add 8% simple interest* per year from the date of payment to the date of settlement.
- Refund all but one of the finance payments that have been made to compensate for loss of use. Add 8% simple interest* per year from the date of payment to the date of settlement.
- Pay Mr R £300 to compensate him for the distress and inconvenience he's experienced.
- Provide a pro-rata refund of car insurance for the period 25 April 2024 until the date the car was collected. Mr R will need to provide proof of payment before this is actioned. Add 8% simple interest* per year from the date of payment to the date of settlement.
- Remove any adverse reports they may have made to Mr R's credit file in relation to this issue.

*If HM Revenue & Customs requires the business to take off tax from this interest they must give the consumer a certificate showing how much tax it's taken off if the consumer asks for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 6 May 2025.

Phillip McMahon
Ombudsman