

The complaint

Mr C is unhappy with the quality of a car supplied to him under a conditional sale agreement with Moneybarn No.1 Limited ("Moneybarn").

What happened

I sent Mr C and Moneybarn my provisional findings on this complaint on 9 January 2025. A copy of that decision is attached and forms part of this final decision.

I explained why I wasn't planning to uphold Mr C's complaint considering the additional losses he had mentioned. I asked both parties to let me know if they had anything to add.

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.

Both Mr C and Moneybarn agreed with my provisional decision.

As both parties are in agreement with my provisional decision, it follows that there is no reason for me to reach any different conclusion than set out in my provisional decision.

My final decision

I uphold Mr C's complaint. I direct Moneybarn No.1 Limited to do the following to put things right, if it hasn't already done so:

- Arrange to collect the car at no further cost to Mr C;
- End the conditional sale agreement with nothing further to pay from Mr C;
- Issue a pro-rata refund for the 11 days Mr C didn't have the car whilst it was being repaired and refund all payments made since December 2023;
- Pay Mr C £144.99 and £65.99 for the cost of replacement batteries in December 2023;
- Pay Mr C £47.70 for the cost of diagnostics in August 2023;
- Pay Mr C the cost of any road tax and insurance costs he's had to pay since February 2024 up until the car was collected, upon him providing Moneybarn with evidence of these costs;
- Pay Mr C 8% simple interest on these amounts from the date of each payment until the date of settlement; *
- Pay Mr C £300 for the distress and inconvenience caused; and**
- Amend any adverse information reported to credit reference agencies about this conditional sale agreement.

*If Moneybarn No.1 Limited considers that it is required by HM Revenue & Customs to withhold income tax from that interest, it should tell Mr C how much it's taken off. It should

also give Mr C a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

****If Moneybarn No.1 Limited does not pay this £300 compensation for distress and inconvenience within 28 days of the date on which we tell it Mr C accepts my final decision then it must also pay 8% simple yearly interest on this from the date of my final decision to the date of payment. However, it is not required to do this if it has already made this payment to Mr C before this decision is accepted by Mr C.**

Provisional decision

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 19 February 2025.

I've considered the relevant information about this complaint.

Having done so, whilst I'm broadly intending to reach the same outcome as our investigator, I have also considered some additional losses Mr C has mentioned.

The deadline for both parties to provide any further comments or evidence for me to consider is 23 January 2025. Unless the information changes my mind, my final decision is likely to be along the following lines.

If Moneybarn No. 1 Limited accepts my provisional decision, it should let me know. If Mr C also accepts, I may arrange for the complaint to be closed as resolved at this stage without a final decision.

The complaint

Mr C is unhappy with the quality of a car supplied to him under a conditional sale agreement with Moneybarn No.1 Limited ("Moneybarn").

What happened

Mr C acquired a used car under a 48 month conditional sale agreement with Moneybarn in August 2023. The car was eleven years old and the cost of the car was around £4,790. Under the agreement, Mr C was required to make 48 monthly payments of £172.29. The car was supplied from a dealership I'll refer to as "D". At the time the car was supplied to Mr C, the mileage was listed at 109,840.

A couple of days later, Mr C says the car's coolant light illuminated, there was low coolant and he could see coolant leaking from the engine bay. Mr C says he called D and was told to follow the warranty process. D carried out repairs but Mr C says despite this, the coolant light reappeared. Following this in November 2023, Mr C complained to D and said the car had low coolant and the coolant was draining when the filler cap was opened. D said the head gasket had failed, but says D told him this was replaced. The same day, Mr C complained to Moneybarn and said the car needed a new water pump and a timing belt. Following this, Mr C says the car failed whilst he was driving it.

Moneybarn couldn't respond to Mr C's complaint within the permitted timescales, so Mr C referred a complaint to this service. He said he wanted a refund, wanted to return the car and wanted some compensation for the inconvenience caused.

Following this, an independent report was carried out in February 2024. This confirmed there was an oil leak, the car's battery was flat, the coolant pressure had dropped and all of this

suggested a breach of the cylinder head gasket. It said that any repairs that had been carried out were unsuccessful and so D would be liable for the repair cost.

In March 2024, Moneybarn let Mr C know that D had agreed to unwind the conditional sale agreement and the car would be collected from him. It said it would review any compensation claims once the car was collected and inspected. Unfortunately the car couldn't be collected on the agreed date and so, it was collected in April 2024.

Mr C said he continued paying for the car, for a warranty, gap insurance, road tax and car insurance, which totalled around £350 per month. He said he had travelled approximately 5,000 miles in the car and Moneybarn told him that there would be a deduction of 25p per mile. He said using this method, he would still owe money on a broken car that he hadn't been able to use.

Our investigator looked into Mr C's complaint and said the car was not of satisfactory quality. He said rejection was appropriate and that Mr C should receive a refund of 11 days' worth of payment whilst the car was repaired and all payments made since the car was undriveable in December 2023. He also said Moneybarn should cover the cost of the replacement batteries which cost £144.99 and £65.99 and the cost of obtaining diagnostics. He didn't recommend that Moneybarn repaid the cost of the insurance and road tax and he said due to the distress and inconvenience caused, Moneybarn should pay Mr C £300 compensation.

Moneybarn agreed. However, following this, Moneybarn issued its final response to Mr C's complaint and said whilst it would accept rejection of the car, it would retain six monthly payments as Mr C had travelled 5,368 miles in the car and pay Mr C £150 in compensation.

Mr C disagreed with our investigator and referred to Moneybarn's final response. He said if Moneybarn had resolved things in a timely manner, he wouldn't have incurred further insurance costs and so he should get four months of insurance costs refunded.

Our investigator said whilst he acknowledged there were delays, Mr C was required to have road tax and insurance until the agreement ended and the car was collected from him.

Mr C said the investigator had taken into account his mental distress and upset but didn't address the financial loss he sustained as a result of Moneybarn. He said the compensation Moneybarn had been told to pay didn't impose enough of a reason on Moneybarn to change what it was doing and it would continue to neglect its customers.

As Mr C remains in disagreement, the case has been passed to me to decide.

What I've provisionally 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.

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 (if appropriate) what I consider was good industry practice at the time. Mr C was supplied with a car under a conditional sale agreement. This is a regulated consumer credit agreement which means we're able to look into complaints about it.

I've read and considered the whole file and acknowledge that both parties have raised a number of different complaint points. I've concentrated 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. The rules of this service allow me to do this.

In this case, neither party appears to dispute that the car had faults. I'm satisfied, having reviewed all the supporting information, that the car was of unsatisfactory quality at the time it as supplied to Mr C.

The outstanding issue for me to decide is whether Moneybarn has done enough to put things right.

Moneybarn's final response letter said it would retain six monthly payments Mr C had paid and pay Mr C £150 compensation. It is unclear why it chose to issue a final response letter after it had already agreed to do something different as a result of accepting our investigator's assessment. Nonetheless, as it told this service it agreed with the recommendations made by our investigator, I've not taken into account the contents of its subsequently issued final response letter. Instead, I've focused on the recommendations made by our investigator, that Moneybarn agreed to.

Moneybarn agreed to allow Mr C to reject the car and collected the car at no cost to him in April 2024. It agreed to refund 11 days' worth of payments whilst the car was repaired, all payments made since the car was undriveable in December 2023, the cost of replacement batteries which cost £144.99 and £65.99 and the cost of obtaining diagnostics. It also agreed to pay Mr C £300 compensation for the distress and inconvenience caused.

Having reviewed the file, I think it was fair for Moneybarn to agree to settle the complaint in this way. I say this because Mr C was unable to use the car for the periods mentioned and he wasn't provided with a courtesy car. So, I think it's fair that Moneybarn refund any monthly payments made during the periods mentioned. In relation to the costs for the batteries and the diagnostics, these were only incurred as a result of the faults with the car, so I'm satisfied Moneybarn should pay these amounts to Mr C.

Mr C is unhappy that the cost of the warranty, gap insurance, road tax and car insurance hasn't been considered. I've considered this carefully and I think the cost of the additional car insurance and road tax should be paid since February 2024 up until the car was collected. I say this because Mr C has only incurred these costs as a result of Moneybarn's delays in considering his complaint. Moneybarn agreed to the rejection of the car following it obtaining an independent report. Had it arranged the inspection of the car sooner, it's likely it would have agreed to the rejection sooner and so, Mr C wouldn't have incurred the additional insurance costs and the road tax costs. Moneybarn should pay these costs to Mr C upon him providing evidence of that these costs were incurred. I'm not recommending the cost of gap insurance and warranty to be refunded as these likely can be cancelled by Mr C directly and he can obtain a pro-rata refund with the suppliers of the policy.

I can see that Mr C has provided a copy of a bank statement showing various costs for train journeys. As Mr C is receiving back the costs for the monthly payments he made and the costs for the train journeys are less than the amount he will receive for the refund of the monthly payments, I haven't considered these costs. I say this because Mr C would have always had to pay an amount to keep mobile, so it's only fair that he receives either a refund for the monthly payments or the amount he paid in consequential losses for arranging other transport costs.

Finally, Mr C has detailed the impact of this issue to him. I'm sorry to hear the impact of the car being faulty on Mr C's health. I understand that Mr C lost his job and obtained another one and his relationship suffered. He said he was constantly stressed and inconvenienced. Mr C mentioned that he didn't think the compensation offered was enough of a deterrent to Moneybarn. However, I can only consider any distress and inconvenience caused to Mr C, I can't punish or fine Moneybarn as that isn't the role of this service. Having reviewed the information provided to me, I'm satisfied that the £300 Moneybarn agreed to pay Mr C for any distress and inconvenience caused, is fair and reasonable given the circumstances Mr C has detailed.

My provisional decision

I uphold Mr C's complaint. Moneybarn No.1 Limited should do the following to put things right, if it hasn't already done so:

- Arrange to collect the car at no further cost to Mr C;
- End the conditional sale agreement with nothing further to pay from Mr C;
- Issue a pro-rata refund for the 11 days Mr C didn't have the car whilst it was being repaired and refund all payments made since December 2023;
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- Pay Mr C 8% simple interest on these amounts from the date of each payment until the date of settlement;*
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Sonia Ahmed
Ombudsman