

The complaint

Mr R complains that Moneybarn No. 1 Limited ("Moneybarn") supplied him with a car that wasn't of satisfactory quality at the point of supply.

What happened

In July 2023, Mr R acquired a used car using a conditional sale agreement with Moneybarn. The purchase price listed on the agreement for the car was £8,499, the agreement was for 60 months, made up of an advance payment of £158.91, followed by 59 monthly payments of £283.53. The car acquired was around eight years old, and the mileage recorded was 59,242.

Mr R said that in August 2023, around 10 days after acquiring the car, he told the supplying dealership of issues he was having with the car.

In early September 2023, Mr R said that several issues were presenting themselves with the car. These being:

1. The car making a squeaking noise which Mr R suspected was the engine timing belt.
2. Temperamental passenger doors.
3. Static noise coming from the dashboard driver side area which Mr R suspected were sounds of cross wiring issues.
4. The car's air-conditioner not working.
5. The car's engine being louder than expected when accelerating.

Mr R said he was told most of these issues could be repaired. But Mr R said that he didn't want the car repaired, but wanted to reject it instead.

Mr R provided a copy of an email chain between himself and the credit intermediary. Mr R said in the emails that he spoke with the supplying dealership on 2 September 2023 and that he told them he wanted to reject the car. Mr R explained that the supplying dealership told him to inform the credit intermediary of the situation so that they could arrange the necessary documents for the unwinding process to begin. Mr R emailed the credit intermediary again on 7 September 2023 to say he had returned the car. The credit intermediary then responded a few minutes later to Mr R and told him that they will now raise the unwinding of the agreement.

The following day, on 8 September 2023, the credit intermediary emailed the supplying dealership and asked them to refund the advance payment made by Mr R so they could cancel the agreement.

At around the same time in early September 2023, Mr R cancelled his direct debit mandate to make payments towards the agreement.

After several weeks Mr R said he enquired about the progress made on the unwinding of the agreement, but was told the car had been repaired. The job sheet for the repairs carried out shows the car was sent in on 6 September 2023. In summary, Moneybarn said the car was

repaired for the timing belt, front passenger and back left door and cross wiring issues and repair to the air conditioner.

Unhappy, Mr R complained to Moneybarn. In November 2023, Moneybarn responded to Mr R and gave their final response. In summary they said that as issues were raised more than 30 days after the point of supply and less than six months after the point of supply, the supplying dealership had the right to repair the car. Moneybarn also told Mr R to make arrangements to collect the car and if it wasn't collected, then Mr R may incur costs for collection and storage.

Mr R disagreed with Moneybarn's response and said he believed he wanted to reject the car before 30 days had passed since the point of supply. And he believed he hadn't authorised repairs to be carried out to the car. So he referred his complaint to our service.

Mr R provided a copy of his phone records where it showed he had contacted the supplying dealership as early as 8 August 2023 after he acquired the car. Calls to another branch of the dealership were made shortly afterwards and also on the following day. The first call to the credit intermediary after the car was supplied was on 29 August 2023. And the first call to Moneybarn was on 30 August 2023.

Our investigator didn't uphold the complaint. In summary, he said that he accepted there were faults with the car, but he couldn't see that Mr R had asked to reject the car within 30 days of the point of supply. And so, he thought it was fair that the car was repaired and didn't think Moneybarn needed to do anything further.

Mr R disagreed with the investigator's findings. Among other things, Mr R said that if he had known when he initially spoke to the supplying dealership that repairs would take a long time to be carried out, then he would have rejected the car straight away and within 30 days. Mr R explained that he was unhappy with the way the credit intermediary and the supplying dealership handled his request to reject the car and believed they delayed things.

As Mr R disagreed with the investigator's findings, the complaint was passed to me to decide.

Mr R provided further details of his past experience with the credit intermediary which isn't in relation to this agreement being complained about.

In November 2024, Mr R said he took back possession of the car on 22 July 2024. He said the car's current mileage was 66,768 miles. Moneybarn also confirmed the agreement was active with monthly repayments being made towards the agreement with direct debit payments starting in August 2024 and arrears reducing by card payments being made.

In January 2025, among other things, Mr R updated us and told us the car's mileage was 68,087. He also explained that if rejection was no longer available, he wished to be fairly compensated for what had happened.

I issued a provisional decision on 10 February 2025 where I explained why I intended to uphold Mr R's complaint. In that decision I said:

"Mr R complains about a car, supplied to him under a conditional sale agreement. Entering into consumer credit contracts such as this is a regulated activity, so I'm satisfied I can consider Mr R's complaint about Moneybarn.

When considering what's fair and reasonable, I take into account relevant law and regulations. The Consumer Rights Act 2015 ("CRA") is relevant to this complaint. The CRA

explains under a contract to supply goods, the supplier – Moneybarn here – has a responsibility to make sure goods are of satisfactory quality. Satisfactory quality is what a reasonable person would expect – taking into account any relevant factors.

I would consider relevant factors here, amongst others, to include the car's age, price, mileage and description. So, it's important to note here that the car Mr R acquired was used, around eight years old and cost around £8,500. I would expect a used car of this age to have some wear and tear and to require more repairs and maintenance than a brand-new car. And I think this is reflected in the cost of the car being a large reduction on what it would have cost if it was new.

What I need to decide in this case is whether the car was of satisfactory quality at the point of supply. The first thing to consider is whether the car developed a fault.

Had the car developed a fault?

I don't think it is in dispute that the car developed a fault. Mr R said he noticed issues with it shortly after acquiring the car. And a job sheet from September 2023 has been provided. The job sheet said:

“CONFIRMED NSF DOOR NOT LOCKING – CONFIRMED BLOWER INOP – CONFIRMED SQUEAK FROM WATER PUMP PULLEY - REPLACED AC PUMP – CARRIED OUT AIRCON REGAS - SECURED BUMPER SKID PLATE + OSF SPLASH GUARD - REPLACED HEATER BLOWER MOTOR – REPLACED NSF DOOR LATCH – REPLACED WATER PUMP + AUX BELT - REPLACED TENSIONER – REPLACED CRANK SEAL”

Considering the above, I'm satisfied the car had faults, in particular to issues relating to the air conditioning working correctly, to a door not locking correctly, and to the water pump pulley and auxiliary drive belt. The skid plate and splash guard also needed to be secured.

Was the car of satisfactory quality?

As I'm satisfied there was a fault with the car, I've needed to decide whether the car was of satisfactory quality at the time of supply. Given that Mr R says he identified issues relating to those that were repaired as early as ten days after the point of supply, I'm satisfied it is likely these faults were present or developing at the point of supply. It follows that I would not consider the car to have been of satisfactory quality when it was supplied to Mr R.

Remedies under the CRA

I'll now go on to consider Mr R's remedies available to him as I have found the car to have been of unsatisfactory quality under the CRA.

Mr R explained to our service that he had found several faults with the car within 10 days of acquiring it, so he notified the supplying dealership to book it in for repair. He says the supplying dealership could not find an available slot for repairs for over a month and eventually, he began to lose his patience and requested to unwind the agreement and reject the car instead. Mr R says that if he had known when he initially spoke to the supplying dealership that repairs would take a long time to be carried out, then he would have rejected the car straight away and within 30 days of being supplied the car.

On the other hand, Moneybarn believe that Mr R requested to reject the car after 30 days of it being supplied, so they were entitled to one chance to repair the faulty car. They believe that as the car has now been repaired, Mr R's rights under the CRA have been broadly met.

Should Mr R had been allowed to reject the car?

While I appreciate Moneybarn's comments, I don't think they have correctly applied the CRA to this complaint. A consumer, like Mr R, has 30 days to reject a car that's of unsatisfactory quality from the day after the point of supply. And within that time, if the consumer asks for a repair, then a waiting period starts on the day of the request and ends on the day the car is returned.

I have seen evidence, by way of phone records, which I'm satisfied show Mr R contacted the supplying dealership as early as 8 August 2023 after he acquired the car and asked for it to be repaired. So, I'm satisfied Mr R likely asked for a repair to the car within 30 days after the point of supply.

As Mr R asked for a repair within 30 days of the point of supply, I think a waiting period should have started on the day of the request and should have ended on the day when repairs had completed. So I think Mr R's time limit for short-term right to reject was paused from 8 August 2023 to 27 September 2023, when the car was ready to be collected.

I've also considered aspects of the CRA where it explains that a consumer who agrees to a repair cannot exercise the short-term right to reject without giving reasonable time to repair them (unless giving that time would cause significant inconvenience to the consumer). I'm mindful here that Mr R waited around a month to try and get faults with the car resolved. During that time, I can't see that Mr R was given a specific timescale as to when repairs would be carried out, and I can see Mr R contacted the supplying dealership regularly during this time, through phone records. Overall, I'm satisfied a reasonable amount of time was given for repairs to be carried out before Mr R asked to reject it.

Mr R also provided a copy of an email chain between himself and the credit intermediary, where he said that he spoke with the supplying dealership on 2 September 2023 and that he told them he wanted to reject the car. Considering everything here, I'm satisfied Mr R had a short term right to reject the car and exercised this right within the time limits set out in the CRA. It follows I'm satisfied Moneybarn should have allowed him to reject the car when he handed it back to the supplying dealership on 6 September 2023. So, I think Moneybarn did act unfairly here.

Why I no longer think rejection is fair

However, given what's happened since September 2023, I don't think it would be fair to require Moneybarn to take back the car, by way of rejection, now.

Mr R said he has been in possession of and using the car since 22 July 2024. He said he felt he was left with no option but to collect the car due to Moneybarn declining the rejection and arrears then accruing on the account. Moneybarn informed our service that monthly repayments towards the agreement started again in August 2024 and card payments were also being made to address the arrears accrued.

Considering things here, and in particular that the car is now back in Mr R's possession and is in use, I don't think rejection of the car is fair to both parties and I now think a repair is fairer in the circumstances. Moneybarn has confirmed repairs were carried out, and while Mr R says that some faults still do persist, no evidence has been provided to show that they do. So, from what I have seen, I'm satisfied that repairs that have already been carried out to the

car have resolved the faults that were raised. It follows that I think, broadly, Mr R's rights under the CRA have now been met.

I am mindful however that Mr R didn't initially collect the car from the supplying dealership after it was repaired in September 2023 and payments towards the agreement had stopped. I don't think it was unreasonable for direct debit payments to have stopped, considering Mr R thought the agreement would end at that time. But, as the agreement didn't end, Mr R accrued arrears on the account, which may have impacted Mr R's credit file. I have seen system notes from Moneybarn to show that Mr R's direct debit to make monthly repayments towards his agreement were cancelled and Mr R has also provided copies of letters he received from Moneybarn in relation to arrears on his account. I've noted what I think Moneybarn need to do to remedy any potential credit markers placed on the account during this time, below.

What Moneybarn should now do to put things right

As I said above, I'm satisfied Mr R should have been able to reject the car on 6 September 2023 when he returned it to the supplying dealership. But, I now think a repair is fairer in the circumstances.

But I do think Mr R should be compensated fairly for Moneybarn's mistake in not allowing him to reject the car when he wanted to.

From 6 September 2023 up to 22 July 2024, Mr R hadn't had use of the car. So I'm satisfied that Mr R isn't liable for any monthly payments that were due from 6 September 2023 up until 22 July 2024. So, if Mr R has made payments for these months, then they should be refunded back to him. It also follows that if arrears and charges have been incurred due to not receiving the monthly payments from 6 September 2023 up until 22 July 2024, Moneybarn should remove these from his account and ensure any payments made to reduce the arrears are also refunded.

Additionally, if adverse information has been recorded on Mr R's credit file after 6 September 2023 and up until when Mr R collected the car in July 2024, by the same logic, these should also be removed. As Mr R has had use of the car again from 22 July 2024, I'm satisfied that any monthly repayments from this date onwards that were due under the agreement shouldn't be refunded.

Moneybarn suggested in their final response that Mr R should have collected the car from the supplying dealership and if he did not, then he may incur charges. It isn't clear if Mr R has incurred charges, but if he has, then Moneybarn should remove or reimburse these charges as I'm satisfied Mr R was returning the car for it to be rejected.

I'm mindful of the inconvenience to Mr R due to the faults with the car, and the impact this has likely had on initially waiting for repairs to be carried out, and then in relation to Moneybarn not acting on his request to reject the car. And as a result, the impact of Moneybarn's mistake has meant he has received several letters about arrears, which has likely caused him distress. Mr R has also explained how the stress of this situation has impacted his ability to work. With that in mind, I think Moneybarn should pay Mr R £450 for the inconvenience caused to him. I think this amount fairly reflects the stress and inconvenience mentioned above."

I set out that I intended to uphold this complaint. And I gave both parties the opportunity to send me any further information or comments they wanted me to consider before I issued my final decision.

Responses to the provisional decision

Mr R didn't respond before the deadline I set in my provisional decision.

Moneybarn responded and said that they accepted 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 not persuaded to change my opinion from the provisional decision I made.

As Mr R didn't respond before the deadline set and Moneybarn accepted the findings I made, I see no reason to depart from what I said in my provisional decision.

In summary, I think Moneybarn needs to do more in this instance to put things right. I'm satisfied the outcome reached is fair and reasonable given the circumstances.

My final decision

For the reasons I've explained, I uphold this complaint and I instruct Moneybarn No. 1 Limited to put things right by doing the following:

- Reimburse a pro rata of all monthly repayments made towards the agreement from when the car was returned to the supplying dealership on 6 September 2023 up until when it was collected on 22 July 2024. Moneybarn is entitled to retain a pro rata of repayments made from the point of supply until 6 September 2023. *
- Ensure that any arrears, charges, or fees incurred since 6 September 2023 up until 22 July 2024 are removed from Mr R's account and he isn't held liable to pay them. If payments have already been made by Mr R to repay arrears accrued after 6 September 2023, then these should be refunded back to him. *
- Remove any adverse information from Mr R's credit file in relation to the agreement, if any, between the dates of 6 September 2023 to 22 July 2024.
- Pay Mr R £450 to reflect the distress and inconvenience caused.

* These amounts should have 8% simple yearly interest added from the time of payment to the time of reimbursement. If Moneybarn considers that it's required by HM Revenue & Customs to withhold income tax from the interest, it should tell Mr R how much it's taken off. It should also give Mr R a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue and Customs if appropriate.

If Moneybarn has already given compensation in relation to this specific complaint, the final amount should be less the amount already given.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 25 March 2025.

Ronesh Amin
Ombudsman