

The complaint

Ms G is unhappy that a car supplied to her under a hire purchase agreement with Secure Trust Bank Plc trading as Moneyway ('Moneyway') was of an unsatisfactory quality.

What happened

In March 2022, Ms G was supplied with a used car through a hire purchase agreement with Moneyway. She paid a £100 deposit, part-exchanged her existing car for £5,050, and the agreement was for £12,275 over 60 months; with 59 monthly payments of £307.38 and a final payment of £317.38. At the time of supply, the car was around two years old and had done 21,005 miles.

Ms G had an issue with the car in November 2024 and a diagnostic confirmed "*suspected premature failure of engine oil pump belt or engine oil pump.*" A further inspection by a manufacturer's garage on 14 November 2024 found that the oil pump belt was breaking up, that it had been stripped of its teeth, and that the oil pump had seized solid.

This issue wasn't covered by the warranty as the first service, due at 18,000 miles, wasn't done until 21,000 miles (when the car was supplied to Ms G) and it was suspected that this could be a reason the oil pump belt failed prematurely. Ms G complained to Moneyway, but they didn't uphold her complaint. They said that Ms G had been able to drive the car for more than two years and 22,000 miles before the failure, so they didn't think the car was faulty when it was supplied.

Ms G wasn't happy with this response, and she brought her complaint to the Financial Ombudsman Service for investigation.

Our investigator said there was no evidence the issue with the oil pump belt was present or developing when the car was supplied to Ms G. And they didn't think there was enough evidence to say that the late service was the cause of the failure. However, they did think that the oil pump belt failing prematurely meant that the car wasn't sufficiently durable when it was supplied to Ms G, and this meant the car wasn't of a satisfactory quality.

So, the investigator said that Moneyway should cover the cost of the diagnostics and repair, as well as refunding the payments between 8 November 2024 and 2 January 2025 when the car was off the road. They also said that Moneyway should pay Ms G £250 compensation for the distress and inconvenience she'd been caused.

Moneyway didn't agree with the investigator. They said there was no evidence to suggest that the late service caused the oil pump belt to fail some two years later, nor was there any evidence to suggest there were any faults present or developing when the car was supplied to Ms G. They also said that, while an oil pump typically lasts 60,000 to 70,000 miles, it could fail sooner due to normal wear and tear. So, they didn't think they needed to do anything.

Because Moneyway didn't agree, this matter has been passed to me to decide.

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've reached the same overall conclusions as the investigator, and for broadly the same reasons. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome. Where evidence has been incomplete or contradictory, I've reached my view on the balance of probabilities – what I think is most likely to have happened given the available evidence and wider circumstances.

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. Ms G was supplied with a car under a hire purchase agreement. This is a regulated consumer credit agreement which means we're able to investigate complaints about it.

The Consumer Rights Act 2015 ('CRA') says, amongst other things, that the car should've been of a satisfactory quality when supplied. And if it wasn't, as the supplier of goods, Moneyway are responsible. What's satisfactory is determined by things such as what a reasonable person would consider satisfactory given the price, description, and other relevant circumstances. In a case like this, this would include things like the age and mileage at the time of sale, and the vehicle's history and its durability. Durability means that the components of the car must last a reasonable amount of time.

The CRA also implies that goods must conform to contract within the first six months. So, where a fault is identified within the first six months, it's assumed the fault was present when the car was supplied, unless Moneyway can show otherwise. So, if I thought the car was faulty when Ms G took possession of it, or that the car wasn't sufficiently durable, and this made the car not of a satisfactory quality, it'd be fair and reasonable to ask Moneyway to put this right.

Based on the evidence I've seen, I'm satisfied that the oil pump belt failed sooner than could reasonably be expected. The initial diagnostic report confirmed it was a premature failure, not one that was caused by normal in-service wear and tear; while the second diagnostic also confirmed an early failure, suspecting a late service to be a potential reason for this.

I'm in agreement with Moneyway that there is no evidence the fault with the car was present or developing when it was supplied to Ms G. And, if it had been, I don't think it's likely she would've been able to travel 22,000 miles before the car broke down. I'm also in agreement that the late service is unlikely to have caused the failure, again due to the time and mileage covered between when the service was due and when the car failed.

However, I am satisfied the oil pump belt failed prematurely as this is confirmed by the initial diagnostic report. And, while Moneyway say this could be due to wear and tear, neither of the diagnostic reports confirm this was the cause of the failure, nor have Moneyway provided any evidence i.e. an independent engineer's report, to show the failure was down to wear and tear. As such, I'm satisfied that this lack of durability means the car wasn't of a satisfactory quality and Moneyway need to do something to put things right.

Putting things right

Section 24(5) of the CRA says "*a consumer who has ... the right to reject may only exercise [this] and may only do so in one of these situations – (a) after one repair or replacement, the goods do not conform to contract.*" This is known as the single chance of repair. Ms G has

had the car repaired, and this repair has been successful. As such, Ms G doesn't have the right to now reject the car. However, for the reasons stated above, I think that Moneyway should cover the cost of both the diagnostics and the repair itself.

The car was also off the road and undrivable between 8 November 2024 and 2 January 2025. During this period, Ms G wasn't supplied with a courtesy car. As such, she was paying for goods she was unable to use. As, for the reasons already stated, I'm satisfied the car was off the road due to it being of an unsatisfactory quality when it was supplied, and as Moneyway failed to keep Ms G mobile; I'm satisfied they should refund the payments she made during this period.

Finally, I think Ms G should be compensated for the distress and inconvenience she was caused by the above. But crucially, this compensation must be fair and reasonable to both parties, falling in line with our service's approach to awards of this nature, which is set out clearly on our website and so, is publicly available.

I note our investigator also recommended Moneyway pay Ms G an additional £250, to recognise the distress and inconvenience she was caused. And having considered this recommendation, I think it's a fair one that falls in line with our service's approach and what I would've directed, had it not already been put forward.

I think this is significant enough to recognise the worry and upset Ms G would've felt by having to arrange and pay for the car to be repaired, and for the impact this had on her a day-to-day basis. So, this is a payment I'm directing Moneyway to make

Therefore, Moneyway should:

- remove any adverse entries relating to this agreement from Ms G's credit file;
- refund the monthly payments Ms G made for November and December 2024, when she was without use of the car;
- upon receipt of proof of payment, reimburse Ms G for the £45 November 2024 diagnostic cost and the £3,527.20 January 2025 repair cost;
- apply 8% simple yearly interest on the refund/reimbursements, calculated from the date Ms G made the payments to the date of the refund[†]; and
- pay Ms G an additional £250 to compensate her for the trouble and inconvenience caused by being supplied with a car that wasn't of a satisfactory quality (Moneyway must pay this compensation within 28 days of the date on which we tell them Ms G accepts my final decision. If they pay later than this date, Moneyway must also pay 8% simple yearly interest on the compensation from the deadline date for settlement to the date of payment[†]).

[†]If HM Revenue & Customs requires Moneyway to take off tax from this interest, Moneyway must give Ms G a certificate showing how much tax they've taken off if she asks for one.

My final decision

For the reasons explained, I uphold Ms G's complaint about Secure Trust Bank Plc trading as Moneyway. And they are to follow my directions above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms G to accept or reject my decision before 16 June 2025.

Andrew Burford

Ombudsman