

The complaint

Mr P's complaint is about problems he's had with a car Moneybarn No. 1 Limited supplied to him under a conditional sale agreement.

What happened

Mr P entered into a conditional sale agreement with Moneybarn so he could get a car from a dealer "M". The car was around ten years old at the time, with a cash price of £5,495. As I understand it, the car had covered around 93,000 miles, though there is some dispute over the accuracy of the recorded mileage.

Shortly after taking delivery of the car, Mr P started to experience problems with it. He went back to M several times reporting a number of issues. Some of the problems were repaired under warranty, though Mr P had to pay for other work carried out. Mr P says that despite the repairs the car continued to leak oil and lose coolant. Around three months after getting the car Mr P contacted Moneybarn and sought to reject the vehicle.

Moneybarn didn't accept Mr P's rejection of the car. It cited a report it had obtained from D, an independent engineer. D said it was unable to replicate the faults Mr P said were still present in the car, but that it drove as expected without evidence of any oil leaks or coolant loss. D further concluded the repairs had been carried out to a satisfactory standard. As such, Moneybarn considered the car to be of satisfactory quality, though it did offer him £125 compensation for his time and trouble.

Mr P disagreed with Moneybarn's position. He felt the car was still defective. He wants to return the car, have the finance cancelled and for Moneybarn to pay the costs he's incurred.

our initial conclusions

Our investigator considered that the available evidence pointed towards the car not being of satisfactory quality when Moneybarn supplied it to Mr P. The repair costs showed there'd been problems with the car that were greater than might reasonably have been expected. However, he felt Moneybarn was entitled to rely on D's conclusions that the car had been satisfactorily repaired. The investigator wasn't persuaded that Mr P was entitled to reject the car. But he did think it would be appropriate for Moneybarn to compensate Mr P for the repair costs Mr P was able to show he'd incurred. And he felt £125 didn't fully reflect the difficulties to which Mr P had been put, proposing that it pay an additional £100.

Moneybarn accepted the proposed settlement. But Mr P did not. He said he'd clearly been sold a faulty car, and that the photographs and other evidence he'd supplied demonstrated that there was still a coolant leak. Mr P also questioned the accuracy of the car's mileage, noting the MOT record suggested the car might have been 'clocked' and had instead covered over 98,000 miles shortly before he acquired it.

The investigator said he wasn't able to comment on the mileage discrepancy under the current complaint, as it wasn't a matter Mr P had raised with Moneybarn. He wasn't persuaded to reach a different conclusion so the matter has been passed to me for review.

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.

As Moneybarn supplied the car under a conditional sale agreement it carries responsibility for ensuring the car was, at point of supply, of satisfactory quality as required under the Consumer Rights Act 2015 ("CRA"). It's clear that – within a very short space of time – Mr P experienced a series of problems with the car. His first contact with M about these problems was within a week of getting the car. It required work to be carried out to address fluid leaks on different parts of the vehicle, along with work on the ABS system and wheel bearings.

It's possible of course that some aspects could be down to the ordinary wear and expected deterioration of parts over time. But given the work necessary to rectify the problems with Mr P's car, I think a reasonable person would be unlikely to think it was of satisfactory quality, even taking into account its age and mileage. Further, noting the point at which those problems first manifested, and the nominal mileage Mr P had covered by then, it's safe to say that this was also the position at the point Moneybarn supplied the car to him.

But the point at which Mr P first made his concerns known to Moneybarn and sought to reject the car was some three months after he acquired it. Mr P was outside the 30-day period the CRA provides to exercise the short-term right to reject the car. That position is unchanged by the interactions between Mr P and M and the repairs carried out; there's nothing to indicate M was acting in Moneybarn's name or on its behalf in this respect.

As a result, Mr P would only have the right to reject the car if, after affording Moneybarn the opportunity to take steps to ensure the problems with it were rectified, it still didn't conform to the contractual requirement that it is of satisfactory quality. That is where the current impasse lies – even if the car wasn't originally of satisfactory quality, Moneybarn's position is that it does now conform to contract, based on the assessment in D's report. Mr P contends that it does not.

On reviewing this complaint, I thought carefully about whether it was right to rely on D's report, given the inspection took place after a good deal of work had already been carried out on the car. But it seems to me D's report is based on the condition of the car at that time, and has taken into account the outstanding faults Mr P has identified.

I'm satisfied it was reasonable for Moneybarn to instruct D, who appears to be independent and suitably qualified to carry out car inspection. D provided a detailed report setting out his professional opinion in relation to the issues Mr P identified. I acknowledge Mr P has his own evidence that he considers demonstrates that the car is still defective despite the work carried out. In terms of relative weight, I can't properly say that Mr P's evidence takes precedence over D's report. I see no persuasive reason why Moneybarn should not be entitled to rely on the content of D's report when considering whether to agree to Mr P's rejection of the car.

That's not to say that Mr P wouldn't be able to provide further evidence in support of his claim that the coolant loss persists. It is simply that as things currently stand, the available evidence isn't enough to be able to reach that conclusion. Moneybarn should be prepared to consider its position further if Mr P submits further evidence to it that shows the faults have not been satisfactorily remedied – or indeed, in the event Mr P raises his concerns with it over the mileage discrepancy he's mentioned.

Putting things right

Although my finding is that I can't reasonably require Moneybarn to accept Mr P's rejection of the car, it does seem to me entirely appropriate that it should compensate him both for the costs he's had in getting the car checked and repaired, and that it recognises the concern he's been caused by Moneybarn's handling of his claim. I think our investigator made a fair proposal that Moneybarn:

- cover the costs Mr P is able to show he paid for diagnostics and repairs that weren't covered under the car warranty
- pay Mr P £225 (inclusive of £125 already offered) for his distress and inconvenience in trying to sort out matters

My final decision

My final decision is that I uphold Mr P's complaint in part. To settle it, I require Moneybarn No. 1 Limited to take the steps I've set out above. It should liaise directly with Mr P to obtain copies of the documents it requires to substantiate his costs.

The parties should be aware that my decision addresses Mr P's dissatisfaction with its response to the breach of contract claim he made to it. Nothing I've said here is intended to prevent Mr P from pursuing that claim if he obtains new evidence that shows the issues with the car persist, or in respect of the mileage discrepancy issue that he says has come to light.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 16 October 2025.

Niall Taylor
Ombudsman