

The complaint

Mr L complains about the quality of a car supplied to him by Moneybarn No. 1 Limited ("Moneybarn").

What happened

Mr L entered into a conditional sale agreement with Moneybarn in December 2023 for the supply of a used car. The car was around nine years old and had covered approaching 55,000 miles at the time of supply.

Shortly after supply, within a few weeks, Mr L began to have problems with the car. He noticed a leak and the engine was overheating. He contacted Moneybarn and the supplying dealership took the car back to carry out some repairs. In February 2024 he was told that the repairs were completed, and the car was returned to him.

However, in March 2024 he had further problems. The supplying dealership asked him to arrange for a diagnostic test to work out what was wrong, which he did and he supplied the outcome to Moneybarn but heard nothing.

The car was still having problems and by May 2024, he was asked to bring it back to the supplying dealership to run further tests, and the car has been there since.

A broker involved in the original sale of the agreement investigated and issued a final response letter (FRL) about his concerns in June 2024, which said the car was repaired, and so they were closing the complaint. The letter gave him rights to bring his complaint to our service, which he did shortly afterwards.

Whilst Mr L did not complain originally to Moneybarn, we have contacted them on several occasions since to ask for their thoughts and to address his concerns, but we've had little or no response. An investigator here investigated his complaint and upheld it, saying that it seemed clear he had some repairs carried out which either failed, or further problems occurred, meaning the car was of unsatisfactory quality when supplied. The recommended he should be able to reject the car and receive some refunds/compensation.

Mr L accepted this, but Moneybarn highlighted that they hadn't investigated the concerns and asked for the evidence we had relied on to come to our conclusion. This was supplied, and they then said they hadn't had the required information from the broker involved and asked us to send the evidence we relied upon again. We didn't receive further communications, so the case has come to me for a final 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'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. Mr L was supplied with a car under a conditional sale 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, Moneybarn 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 Moneybarn can show otherwise. But, where a fault is identified after the first six months, the CRA implies that it's for Mr L to show it was present when the car was supplied.

So, if I thought the car was faulty when Mr L took possession of it, or that the car wasn't sufficiently durable, and this made the car not of satisfactory quality, it'd be fair and reasonable to ask Moneybarn to put things right.

I'm unclear why it seems the broker involved in this transaction have taken it upon themselves to answer the complaint, rather than passing it to Moneybarn, who they should know are responsible for the quality of the goods supplied. It's also unclear why despite us communicating with Moneybarn about the complaint for over six months now, they've been unable to get any information about it from the broker or supplying dealership.

What's clear however is that this isn't the fault of Mr L. So, I'm satisfied that it's fair for us to proceed to a final decision on the complaint, so he doesn't have to wait any longer for a resolution.

The evidence has been limited, but as all issues appeared inside the first six months, the responsibility lies with Moneybarn as the supplier to prove that the faults weren't present or developing at the point of sale. The first issue which was repaired was said to be a water pump and turbo being replaced in February 2024. This is what Mr L had been told, but when he took the car to a main dealer for diagnostics on the second set of problems, I've seen their email which said they could see no evidence of these repairs.

This brings into question whether the original repairs were even carried out. Alongside this, the email says that there is a loud noise coming from inside the engine, which they couldn't investigate further, and as such the car would need a replacement engine, which was quoted as costing approaching £9,000. As this was more than the cost of the car, this would clearly be uneconomical. They also mentioned a coolant leak from a "suspect cover seal", and said the only evidence they could see of any repairs was a new coolant reservoir.

Mr L says this information was passed onto the broker and/or Moneybarn, but they received no comments or answer about what to do. The FRL issued by the broker in June 2024 simply said repairs had been carried out, so they were closing the complaint.

While its unclear exactly what has happened, it seems fairly clear that the car has had some significant problems inside the first six months of ownership. Alongside this, it appears nothing has been done to properly diagnose or fix these problems.

The car was nine years old and had covered around 55,000 miles when supplied. So, whilst it would be reasonable to expect some parts of the car to have suffered some wear and tear, it isn't reasonable for Mr L to be told the car needs a new engine inside the first four months. He'd covered minimal mileage by this point, only appearing to have covered less than 2,000 miles when the main dealer assessment was carried out which was four months after the agreement began.

With the absence of any other evidence, I am satisfied that it would be fair for Mr L to be able to reject the car. It seems the car has remained with the supplying dealer since they asked for it back in June 2024 to carry out some tests. We haven't been supplied any information about these tests, or any repairs being carried out, and haven't seen or been told about any requests for Mr L to collect the car.

As such, as its now more than a year down the line, it would no longer be fair to expect Mr L to take the car back after repairs, even if this was possible. Alongside this, we have no indication that the car could be repaired. As such, I am satisfied that the only fair resolution is for Mr L to be able to reject the car and end the agreement.

I've looked at the redress proposed by the investigator and I agree with it. Mr L doesn't appear to have had any use of the car since March 2024 due to the issues, so should be refunded any payments made since then. I also feel a distress and inconvenience payment of £200 is fair to recognise the confusion here and lack of support he received when the car was not working properly. He's also entitled to refunds of his deposit, and his costs to get the car recovered and diagnosed.

Putting things right

To put things right, I instruct Moneybarn to carry out the following:

- End the agreement with no further monthly payments for Mr L to pay.
- Collect the car at no cost to Mr L if required (suggestion is its already at the supplying dealership).
- Refund Mr L's deposit/advance payment.
- Refund all monthly payments made since 1 March 2024 to the date of settlement.
- Refund the costs for recovering the car and the diagnosis of the problems on presentation of proof of payment.
- Pay 8% simple interest on all refunded amounts from the date of payment to the date of settlement
- Pay £200 to recognise the distress and inconvenience caused by the supply of a faulty car.
- Remove any adverse data from Mr L's credit file in relation to this agreement.

My final decision

I am upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 8 August 2025.

Paul Cronin
Ombudsman