

The complaint

Ms S complains 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.

When I refer to what Ms S or Moneyway have said or done, it should also be taken to include things said or done on their behalf.

What happened

In June 2023, Ms S acquired a used car through a hire purchase agreement with Moneyway. The car was first registered in September 2013 and had travelled around 47,949 miles. The cash price of the car and amount of credit was £10,495. The duration of the agreement was 54 months; with 53 monthly payments of around £316 and a final payment of around £326.

In October 2024, the automatic gearbox failed and Ms S was quoted nearly £9,000 for repairs.

In their final response, Moneyway said Ms S had been in possession of the car for 16 months and had driven 14,280 miles in it when the fault occurred. And Ms S hadn't supplied sufficient evidence to prove the issue would've been present or developing at point of sale.

Our Investigator reviewed matters and thought, based on the evidence available, the fault meant the car wasn't sufficiently durable. As the repair costs were most likely to exceed the value of the car, they considered rejection to be a fair remedy. In addition, they thought Moneyway should refund the payments Ms S has made towards the agreement since the gearbox failed, pay £200 compensation for the distress and inconvenience caused and remove any adverse information from her credit file.

Moneyway didn't agree with the Investigator's view. They didn't agree there was a durability issue given the distance Ms S had travelled in the car before the fault occurred. In addition, they said the MOTs carried out before and after Ms S acquired the car didn't identify any concerns with the gearbox.

As no agreement has been reached, the 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 outcome as the Investigator, for broadly the same reasons.

I think it's important to firstly explain I've read and taken into account all of the information provided by both parties, in reaching my decision. If I've not reflected something that's been said it's not because I didn't see it, it's because I didn't deem it relevant to the crux of the complaint. This isn't intended as a discourtesy to either party, but merely to reflect my

informal role in deciding what a reasonable outcome is. 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.

Ms S acquired the car using a hire purchase agreement. This is a regulated consumer credit agreement which means we are able to investigate complaints about it.

The Consumer Rights Act 2015 (CRA) covers agreements such as the one Ms S entered into. Under this agreement, there is an implied term that the goods supplied will be of satisfactory quality. Moneyway is the supplier of the car and therefore responsible for complaints about its quality.

The CRA says that goods will be considered of satisfactory quality where they meet the standard that a reasonable person would consider satisfactory – taking into account the description of the goods, the price paid, and other relevant circumstances. In this case those relevant circumstances include, but are not limited to, the age, mileage and cash price of the car at the point of supply. The CRA says the quality of the goods includes their general state and condition, as well as other things like their fitness for purpose, appearance and finish, freedom from minor defects, safety, and durability.

Moneyway supplied Ms S with a second-hand car that was around ten years old and had covered around 47,949 miles at the point of supply. I think it's reasonable to expect a car of this age and mileage to have suffered a degree of wear and tear – and that it would require some level of repair and maintenance sooner than a newer one. However, I also consider the mileage to be low for the car's age, and the cash price of £10,495 is not an insignificant amount. So, while the car was used with some mileage, there is still a requirement for the car to be of satisfactory quality.

One element of satisfactory quality refers to durability and the expectation here is that goods will last for a reasonable amount of time. A car's gearbox is a key component and commonly expected to endure significant mileage, if not the full lifetime of the car.

Here, the gearbox suffered complete failure in October 2024 and the estimated cost of repair is nearly £9,000. I note this was around 16 months after Ms S acquired the car, during which time she'd travelled around 14,000 miles. So, it's reasonable to expect there to be more significant wear and tear following this use. However, the car had only travelled around 62,000 miles in its lifetime, which I don't consider to be excessive mileage. I don't think a reasonable person would expect such a significant component to fail after this amount of miles.

I've considered that an automatic gearbox can wear over time and their lifespan can be impacted by many factors, such as the type of use, driving style and maintenance. But I haven't seen anything to suggest Ms S has failed to adequately maintain the car here, or that this was the cause of the gearbox failing.

The opinion of the specialist that diagnosed the fault doesn't support that the premature failure was the result of Ms S' driving, or an incident that occurred while the car was in her possession. They confirmed they didn't think the fault could've been influenced by the driver, there are known concerns with these gearboxes, and they'd seen many problems with them in their workshop.

Having considered the significant nature of the fault, the mileage when the fault occurred and the diagnosing engineer's comments, I'm persuaded that on balance, it's more likely than not the automatic gearbox failed prematurely. And so it follows that I don't think the

gearbox (and therefore the car) was reasonably durable or of satisfactory quality at point of supply.

Putting things right

Having determined the car wasn't of satisfactory quality when it was supplied to Ms S, I've next considered what Moneyway should do to put things right.

Outside of the first 30 days of the agreement, the CRA says a consumer has a right to reject if the goods do not conform to contract after one repair or replacement. However, given the significant cost of the repairs required, and the value of the car – I think repairs are uneconomical here. For this reason, I find rejection to be a more reasonable remedy. Moneyway should therefore end the agreement with nothing further to pay and arrange collection of the car at no cost to Ms S. When cancelling the agreement, Moneyway should ensure no adverse information is recorded on Ms S' credit file.

Ms S has had fair usage of the car while it's been in her possession, so I think it's only fair that she pays for this usage. However, since the gearbox failed in October 2024, Ms S has been paying for goods she's been unable to use. So, I think it's fair that Moneyway refund any payments she's made since October 2024. Interest should be added to the payment refund, calculated at 8% simple per year from the date of payment until the date of settlement.

Lastly, I've considered that Ms S has been inconvenienced by the breakdown of the car, having to arrange diagnostics and being left without a car following the gearbox failure. I therefore think Moneyway should pay Ms S £200 compensation in recognition of the distress and inconvenience caused by being supplied with a car that wasn't of satisfactory quality.

My final decision

For the reasons explained, my final decision is that I uphold Ms S' complaint about Secure Trust Bank Plc trading as Moneyway and direct them to:

- End the agreement with nothing further for Ms S to pay;
- Refund all monthly payments paid by Ms S since October 2024 to reflect loss of use;
- Pay 8% simple yearly interest on the refund - calculated from the date Ms S made each payment to the date of the refund†;
- Remove any adverse information recorded on Ms S' credit file in relation to this credit agreement, and the credit agreement should be marked as settled in full on his credit file, or something similar, and should not show as voluntary termination.

†If Moneyway considers that tax should be deducted from the interest element of my award, they should provide Ms S with a certificate showing how much they have taken off so she can reclaim that amount, if she is eligible to do so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 15 September 2025.

Nicola Bastin
Ombudsman