DRN-5559048

The complaint

Mr O complains that the car he acquired through Moneybarn No. 1 Limited ("Moneybarn") wasn't of satisfactory quality. He wants to reject the car and have the credit agreement cancelled.

What happened

Mr O entered into a conditional sale agreement in August 2023 to acquire a used car. The cash price of the car was £8,745, and after taking account of Mr O's advance payment of £1,500, the balance was to be repaid through the credit agreement which was set up over a term of 60 months. Mr O's monthly payments were £185.70, resulting in the total repayable under the agreement, if it ran to term, being £12,456.30. At the time of acquisition, the car was around nine years old and had been driven just under 100,000 miles.

Mr O told us:

- Things have continually gone wrong with the car from the time he acquired it, and he's subsequently noticed issues with the car that he did not notice at the point of supply;
- just three weeks after acquiring the car, the mass flywheel failed, and he then discovered there were issues with the warranty that the supplying dealership had sold him. It didn't cover all the costs, so he had to pay £437 out of his own pocket to cover some of the repairs;
- he was asked to have the car inspected, but he could not afford to pay in advance for an inspection;
- he's asked Moneybarn to accept rejection of the car on a number of occasions, and he's asked it for assistance in getting the issues resolved;
- the problems with the car have placed immense stress on him as he wanted to use the car to take his mother out for trips from the nursing home, but he wasn't able to do so because the car was in a garage and not driveable;
- the car is not fit for purpose and hasn't been since it was supplied.

Moneybarn rejected this complaint.

In May 2024, it issued its *final response letter* in respect of Mr O's complaint about the clutch and some side impact damage. It reminded Mr O that it had asked him for further information about these issues, but no further information had been provided.

Moneybarn asked Mr O to obtain a diagnostics report evidencing the faults and whether they were linked to any previous repairs. It suggested a third-party that would undertake an investigation, and it offered to pay for the report in advance. Moneybarn told Mr O that it had followed this up with further correspondence, but in the absence of a report, it simply could not uphold his complaint.

In September 2024, it issued a further *final response letter* in connection with further complaints about the car. Moneybarn said that based on the information provided by Mr O, it could not uphold his complaint. It said he'd noticed and reported these faults in July 2024, more than six months after the car had been supplied. Moneybarn explained that Mr O needed to provide some evidence of the faults he complained about, and that these faults were *"existing on the date of supply, and that they were serious enough to make the vehicle unfit for purpose of unsatisfactory at the point of supply".*

Moneybarn did say that it would reopen its investigation of the complaint if Mr O were to arrange an independent inspection of the car and send it a copy of the associated report, and it provided contact details for several recognised and trusted third parties that undertake such work.

Our Investigator looked at this complaint and said that she thought it should be upheld. She said there were clearly things that *had been* wrong with the vehicle – she'd seen evidence that the dual mass flywheel had faulted within a month of the car being supplied and that the garage had repaired this under warranty, and at no cost to Mr O. But she also noted that at the same time, the garage had replaced the clutch. There was no information about why the clutch had been repaired or what was wrong with it, only that Mr O had paid for this replacement himself.

Our Investigator said that, with the exception of the dual mass flywheel, there was simply no evidence of the other faults that Mr O complained of, and there was nothing to show that these faults were present or developing at the point the car was supplied. And she encouraged him to obtain an independent report if he wanted to take this matter further.

Because the dual mass flywheel had been repaired at no cost to Mr O, and there was no evidence that the repairs had been unsuccessful, she explained she could not recommend that Moneybarn accept rejection of the car. But she did say that Moneybarn needed to pay Mr O some compensation and refund one monthly payment because he'd had no use of the car for several weeks while it was being repaired.

Moneybarn accepted our Investigator's opinion.

Mr O did not accept our Investigator's recommendations, so the complaint comes to me to decide. He says he's contacted his garage to get quotes for some of the work that needs doing, and this is not something that he's willing to pay.

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 considered all the evidence and testimony afresh, I've reached the same conclusion as our Investigator and for broadly the same reasons. I'll explain why.

The conditional sale agreement entered into by Mr O is a regulated consumer credit agreement which means that this Service is able to consider complaints relating to it. Moneybarn is also the supplier of the goods under this type of agreement, and it is responsible for a complaint about their quality.

The Consumer Rights Act 2015 ("CRA") is relevant to this complaint. It says that under a contract to supply goods, there is an implied term that the "quality of the goods is satisfactory".

To be considered "satisfactory" the goods would need to meet the standard that a reasonable person would consider satisfactory – taking into account any description of the goods, the price and other relevant factors. Those factors, in the case of a vehicle purchase, will include things like the age and mileage of the vehicle at the time of sale, and the vehicle's history.

The quality of the goods includes their general condition and other things like their fitness for purpose, appearance and finish, safety and durability.

I've concluded that based on the limited time that Mr O had the car, before the dual mass flywheel failed, then the car cannot have been of satisfactory quality when supplied. But I'm led to believe that this issue was remedied at no cost to Mr O, and I've seen nothing to suggest to me that the remedial work hasn't been completely successfully and satisfactorily. So, on the basis that the vehicle has been successfully repaired, I don't think it would be right to direct Moneybarn to accept rejection of it. I'm satisfied that Moneybarn, through the actions of the garage, has done what it needed to do in the circumstances.

The CRA also says that, if faults are identified after the first six months since supply, then it's for Mr O to show the faults were present or developing when he first acquired the car. So, if I thought the car was faulty when Mr O took possession of it, and this made the car not of a satisfactory quality, it'd be fair and reasonable to ask Moneybarn to take further steps to put this right.

I'm pleased to see that Moneybarn assisted Mr O by recommending that he obtain an independent assessment of the car, and they signposted him to three recognised experts in this area. I say this because it's not always easy or clear to the general public how to go about arranging an independent inspection.

Now, it may well be the case that, in addition to the faults that Mr O complains of, he also does not have full confidence in the repairs that have already taken place, or he fears that other faults may manifest themselves in the future. In this situation, it would be for Mr O to instruct a recognised independent engineer to inspect the car.

In the event an independent engineer concluded that the repairs had not been successful - they'd not addressed the original fault, or alternatively, the engineer identified that the further faults were *likely present or developing at the point of supply*, then Mr O could bring a new complaint directly to Moneybarn. In these circumstances, *most* businesses would accept rejection of the vehicle and reimburse their customer for the cost of the independent inspection.

But there still remains the issue of compensating Mr O for the period in which he was unable to use his car; and for the distress, worry, anxiety and inconvenience that he's experienced.

Mr O says that his car was at the garage for repairs for around three weeks, so I think the recommendation that Moneybarn refund one monthly payment to reflect the fact that he paid for the car but had no use of it, is fair and reasonable. And I'm going to ask Moneybarn to pay him some compensation in recognition of the anxiety and worry it caused.

Putting things right

I direct Moneybarn No. 1 Limited to put things right by doing the following:

- Refunding Mr O one monthly payment to reflect the fact that the car was having repairs undertaken and he could not use it.
- Paying 8% simple interest on the refunded amount from the time this payment is made to the date of settlement*.
- Paying Mr O £150 for the distress and inconvenience it caused when it supplied a car that wasn't of satisfactory quality.

*HM Revenue & Customs requires Moneybarn No. 1 Limited to take off tax from this interest. Moneybarn No. 1 Limited must give Mr O a certificate showing how much tax has been taken off if he asks for one.

My final decision

My final decision is that I uphold this complaint and require Moneybarn No. 1 Limited to fairly settle this complaint as I've directed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 18 August 2025.

Andrew Macnamara
Ombudsman