

The complaint

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

What happened

Mr A entered into a conditional sale agreement in January 2024 to acquire a used car. The cash price of the car was £9,194, and the total repayable was £20,455.30, and was to be repaid through the credit agreement which was set up over a 60-month term with monthly payments of £346.70. At the time of acquisition, the car had already been driven more than 92,000 miles and was nearly eight years old.

Mr A told us:

- Not long after he acquired the car, the electric key fob stopped working, and although he replaced the battery, this didn't address the problem so he couldn't access the car;
- an online video suggested there'd be a physical key within the fob, but there wasn't, so he contacted the supplying dealership and was told to secure the services of a locksmith so that he could access the car and drive it to the supplying dealership, and then leave it with them for a couple of days while it tried to find a solution to the problem;
- unhappy with this, he contacted local auto electricians, and he found someone willing to attend, help him gain access to the car and cut him a new physical key at a cost of £230.00. The supplying dealership eventually and reluctantly agreed to cover this cost;
- when the local auto electrician attended the following week, they identified a number of faults with the car which meant it wasn't communicating with the key fob – the key fob itself was working as expected;
- diagnostics identified 17 individual electrical faults in the system, fifteen of which were re-set, but two remained, one of which related to the CAM communication module on the car;
- he was told the car should not have been sold to him in this condition, and repairs could cost up to £7,000;
- he had a number of customer service issues with the supplying dealership when he first acquired the car; fuel; the logbook; and the cruise control settings; and he says he had to replace the windscreen wipers as they were in poor condition;
- he cancelled his direct debit mandate, and he wants to reject the car and unwind the finance agreement.

Moneybarn rejected this complaint but did offer Mr A £75 compensation in recognition of the time it took to investigate things.

Moneybarn said the supplying dealership had inspected the car and reported that *"There has been an attempted theft of the vehicle resulting in the key being disabled and an attempt to override the vehicle key system. This has caused the key not to be recognised and a fault being shown on the key start system. As this is not a vehicle mechanical failure or fault with*

the vehicle, this does not warrant automatic vehicle return". And the supplying dealership confirmed that it had booked a specialist to repair and clear the attempted theft which should result in the vehicle operating normally.

Moneybarn also engaged an independent engineer to carry out an inspection of the car and report back on the issue raised by Mr A. And it relied on the engineer's conclusions that they'd identified no faults with the key fob and related mechanisms at the time of inspection, and that the car operated as expected for a car of its age and the mileage it had been driven.

Moneybarn noted that Mr A had left the car at the supplying dealership, and it told him that doing this without prior agreement amounted to *abandonment* under the terms and condition of his agreement. And it told Mr A that if it did not hear from him, it would have no option but to recover its asset and hold him liable for any storage charges levied. And it explained that the credit agreement would be at risk of being terminated along with the negative consequences of this on his credit file.

Unhappy with Moneybarn's response, Mr A brought his complaint to this Service.

Our investigator looked at this complaint and said she thought it should be upheld, and she asked Moneybarn to arrange a further independent inspection.

She explained the relevance of the Consumer Rights Act 2015 ("CRA") in the circumstances of this complaint, specifically focussing on the legislation and a consumer's short term right to reject. She explained that it wasn't possible to retrospectively exercise this right after 30 days had passed, even if the fault complained about was present at the point the car was supplied. She said she was satisfied that Mr A had *not* exercised his short-term right to reject in accordance with the legislation.

Our Investigator noted the comments of the independent inspector, namely that no fault with the key system was identified, but she also noted a reference to a gearbox fault code being present. The presence of this fault code did not *automatically* mean that the car was not of satisfactory at the point of supply, but she said because this fault code was present within the first six months of supply, Moneybarn needed to arrange an independent inspection to ascertain the cause of this fault code and then undertake repairs if necessary. And she advised Mr A that the relevant legislation confirms that, where a fault emerges within the first six months, the business, in this case Moneybarn, must first be given the opportunity to repair it, so it was premature to talk about rejection of the car – there were simply no grounds for rejection at this stage.

Moneybarn initially accepted our Investigator's recommendations. But it subsequently said that there appeared to be no issue with the gearbox; further discussions with the independent engineer concluded that the illuminated warning light was simply a result of the drained battery.

Mr A disputed the supplying dealership's assertion that the issues resulted from an attempted break in. And he said he'd offered to provide CCTV footage to show that there'd been no break in, but that this footage was no longer available – it was only stored and saved for around two weeks. Mr A said he still wanted to reject the car because the gearbox fault was present at the point of supply, and he should be entitled to exercise his short-term right to reject. Mr A also said he had a video that evidenced the existence of the dashboard warning lights.

Our Investigator looked at everything again, and although her opinion hadn't changed – there still remained no ground for rejection of the car – the recommendations she'd made were no longer appropriate. This was because in the intervening period, Moneybarn had

terminated the agreement, repossessed the car, and it had been sold at auction, so a further inspection was not possible. And she reminded Mr A that he is unable to retrospectively exercise his short-term right to reject; the exercising of that right needs to take place within 30 days of supply, and it needed to be expressed to Moneybarn. It could not be exercised after this time, even if it related to a fault that was present at the point of supply.

Mr A disagrees so the complaint comes 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 agree with our investigator – and I'll explain why.

I hope that Mr A won't take it as a discourtesy that I've condensed his complaint in the way that I have. Ours is an *informal* dispute resolution service, and I've concentrated on what I consider to be the crux of this complaint. Our rules allow me to do that. Mr A should note, however, that although I may not address each individual point that he's raised, I have given careful consideration to all of his submissions before arriving at my decision.

When looking at this complaint I need to have regard to the relevant laws and regulations, but I am not bound by them when I consider what is fair and reasonable.

As the conditional sale agreement entered into by Mr A is a regulated consumer credit agreement 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.

Under the Consumer Rights Act 2015 ("CRA") there is an implied term that when goods are supplied "the quality of the goods is satisfactory". The relevant law says that the quality of the goods is satisfactory if they meet the standard that a reasonable person would consider satisfactory taking into account any description of the goods, price and all other relevant circumstances.

The relevant law also says that the quality of the goods includes their general state and condition, and other things like their fitness for purpose, appearance and finish, freedom from minor defects, safety, and durability can be aspects of the quality of the goods. So, what I need to consider in this case is whether the car *supplied* to Mr A was of satisfactory quality or not.

The CRA also says that, 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, if the fault is identified after the first six months, then it's for Mr A to show the fault was present when he first acquired the car. So, if I thought the car was faulty when Mr A took possession of it, and this made the car not of a satisfactory quality, it'd be fair and reasonable to ask Moneybarn to put this right.

In this particular case, a third-party was instructed to carry out an independent inspection of Mr A's car. It is a recognised and trusted expert in this arena. From reading its report, it's clear that it was provided with an accurate background that clearly set out the issues.

In their report, the engineer documented the reported conditions as *"The dealership said that the key fob issues were caused by an attempted theft, while the vehicle was in the customer's possession. Please can [independent inspector] inspect the vehicle for key fob*

and any other faults that may link to the alleged issues raised. Please could they confirm if they think the issues raised were developed at sale or due to an attempted theft as the dealer has alleged”.

And the engineer reported the following:

- *“No faults found at the time of inspection”.*
- *“The vehicle operated as would be inspected”.*
- *“No issues to report from the inspection as the vehicle appears to operate correctly”.*

So, I’m persuaded that the independent engineer was unable to find any faults associated with Mr A’s initial complaint.

The report did note that *“with engine running the dash illuminates a gear box fault”*, and I’ve considered this carefully.

But the illumination of a dashboard warning light is not itself a fault – it indicates that something *may* be wrong, and it signposts the owner to the fact that further investigations need to be carried out to determine *whether* there’s a fault and, if there is, what is the cause of any fault. And the cause of the dashboard warning and the existence of an underlying fault can only be ascertained through an inspection and diagnostics.

It’s unfortunate that Moneybarn was placed in the position of having to terminate the agreement, re-possess its asset, and then sell it at auction. I say this because without an inspection of the car we will never know if there was a fault with the gearbox, and whether any fault was present or developing at the point of supply. In any event I need to tell Mr A that under the relevant legislation, even if the presence of a fault had been confirmed, Moneybarn would have been entitled to an opportunity to repair it. And rejection of the car would only have been considered had those repairs failed, or if further faults emerged that were present and developing at the point of supply.

So, on the basis that I’ve seen no persuasive evidence that there were faults present, I can’t say that the car was of unsatisfactory quality when it was supplied.

The instruction of an independent inspection is what’s required and expected of Moneybarn in these circumstances. And in the absence of any other persuasive evidence to the contrary, I’m not persuaded that Mr A’s car was of unsatisfactory quality when supplied. So, I’m not going to require anything of Moneybarn in these circumstances.

I know Mr A will be disappointed with this decision, but I hope he understands why I’ve reached the conclusions that I have.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr A to accept or reject my decision before 10 July 2025.

Andrew Macnamara
Ombudsman