

The complaint

Mr L complains that a car supplied to him under a conditional sale agreement with Moneybarn no.1 Limited (MB) is of unsatisfactory quality.

Mr L has been represented in his complaint; to keep things simple, I'll refer to any information or correspondence as being supplied by Mr L.

As a note, I can see Mr L has mentioned a potential mis-sale in relation to this complaint, however the complaint detail appears to relate to a quality of goods complaint, and I can't see that MB have dealt with a mis-sale complaint in its final response either. As such, this decision will focus on the quality of the goods supplied.

What happened

The circumstances surrounding this complaint and my initial findings were set out in my provisional decision which said:

In June 2023 Mr L entered into a conditional sale agreement with MB to acquire a used car. The car was almost eight and a half years old, with a mileage of around 70,589. The cash price of the car was £8,995.00. there was no advance payment listed on the agreement. The total amount payable on the agreement was £16,462.50, payable over 51 months. This was made up of 50 monthly repayments of £329.25, starting one month after the start of the agreement.

Mr L explained that soon after purchasing the car, he noticed issues. He reported these to the broker that arranged the finance agreement within a week of purchase. Shortly after, Mr L contacted the broker again with further evidence of the issues. The broker responded to say Mr L had told them he was having the issue sorted under a warranty. Mr L disputed this. After some time corresponding about the issues, Mr L wanted to reject the vehicle and so contacted MB to arrange this. MB raised a complaint and said that as the issues he's reported have happened outside of the first six months of the agreement, Mr L would need to provide evidence they were present or developing at the point of sale. MB said no evidence was provided and issued its final response to the complaint saying it didn't uphold it in January 2024.

Mr L was unhappy with this and so brought his complaint to this service where it was passed to one of our investigators. The investigator initially didn't uphold the complaint, as no evidence was supplied, he couldn't say there was a fault that was present or developing at the point of supply. In response, Mr L sent a number of emails, documents, images and videos to be considered.

The investigator approached MB for some further information around the claims made by the broker about Mr L having the issues repaired under warranty, however no further information was forthcoming. The investigator proceeded to re-investigate the complaint and upheld it.

The investigator thought the evidence showed Mr L's vehicle did have issues that would have been present or developing at the point of supply, meaning it was of unsatisfactory

quality. However, the investigator thought that as Mr L has travelled significant mileage in it, rejection wouldn't be a fair outcome. Instead, the investigator thought MB should pay Mr L £350.00 for distress and inconvenience caused, as well as suggesting MB could rectify Mr L's credit file as a gesture of goodwill.

MB accepted the £350.00 but didn't want to amend the information recorded on Mr L's credit file. Mr L rejected the outcome. As such, I've been asked to review the complaint to make a final decision.

I sent Mr L and MB my provisional decision on 9 June 2025. I explained why I thought the complaint should be upheld. The key parts of my provisional findings are copied below:

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point, it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

Mr L acquired a car under a conditional sale agreement. Entering into consumer credit contracts like this is a regulated activity, so I'm satisfied we can consider Mr L's complaint about MB. MB is also the supplier of the goods under this type of agreement meaning they are responsible for a complaint about the supply of the car and its quality.

The Consumer Rights Act 2015 (CRA) is relevant in this case. It says that under a contract to supply goods, there is an implied term that "the quality of the goods is satisfactory, fit for purpose and as described". To be considered as satisfactory, the CRA says the goods need to meet the standard that a reasonable person would consider satisfactory, considering any description of the goods, the price and all the other relevant circumstances.

So, it seems likely that in a case involving a car, the other relevant circumstances a court would consider might include things like the age and mileage at the time of sale and the vehicle's history.

In this case, Mr L acquired a car that was almost eight and a half years old and had travelled around 70,589 miles. As this was a used car with this mileage and age, it's reasonable to expect parts may already have suffered more wear and tear when compared to a new car or one that is less travelled. There's a greater risk this car might need repair and/or maintenance sooner than a car which wasn't as road-worn.

I've reviewed the available evidence about the issues Mr L experienced with the car. Based on what I've seen, I'm satisfied that there was a fault with the car. I say this because neither MB nor Mr L appear to dispute the vehicle had an issue with the gearbox or hold system on the vehicle. I've also seen an independent report stating there is a fault with the vehicle rolling on hills and I've seen communication from a repairer confirming a fault they found with the gearbox. Having considered the car had a fault, I've considered whether it was of satisfactory quality at the time of supply.

I can see Mr L reported the issues to the broker within the first week of owning the vehicle. I've seen emails that appear to show Mr L sending photos of the dashboard reporting the mileage at around 71,263 showing the display showing the word SAFE on it. I've also seen a video sent by Mr L showing the dashboard at around 71,263 miles that Mr L explained he later told the independent inspector this showed the vehicle rolling on its own. The video appears to show a vehicle with the gear selector in reverse but rolling forwards.

I've then seen an email Mr L says he sent to the broker in early July, showing a video of a car starting up and immediately reporting a gearbox error. The date is displayed, and the mileage is reporting around 71,651 miles.

I've seen no reason to doubt the car is the one under this agreement, and the issues appear to relate to the ones reported by Mr L.

The next evidence I've considered is emails from the broker to Mr L stating it has liaised with him and Mr L has said his warranty will cover the repairs needed to the gearbox. This repair is in dispute, as Mr L states this repair never happened as the warranty wouldn't cover it due to it needing to be carried out at a main dealer. I've not been provided with any evidence either way on if this repair was carried out or not at any point. Mr L explained to the broker it could contact his warranty provider, and they would confirm this to him. I can't see that this has happened. The broker has been approached by MB to supply evidence of the repair being carried out, but this evidence has not been supplied.

Mr L visited a repairer and has supplied an email appearing to be from the repairer to Mr L stating that on 26 July 2023, they checked the vehicle for a gearbox fault and found the gearbox needed repairing and setting up, and this can only be done by a manufacturer main dealer as this gearbox is a specialist job requiring main dealer software. This email appears to contradict the broker saying the warranty had agreed to cover it, as this email appears to confirm the vehicle wasn't seen until after the broker had claimed Mr L had told them the warranty provider would cover the work. I can't say why the discrepancy exists, it's possible there was some confusion in communication.

There are further between Mr L and the broker, in one of them, Mr L appears to confirm that he contacted the warranty provider, and they confirmed that they have nothing about a repair, only that Mr L contacted them about this in October. Mr L explained to the broker that the warranty provider stated it could call them for confirmation. As explained above, no further evidence either way has been provided about this.

I've seen evidence of Mr L contacting MB on 17 December 2023 to assert his right to reject the vehicle due to the issues he's encountered. MB respond to ask for some information, and as outlined above, raised a complaint which they rejected due to no evidence of the issues. MB considered the issues had been raised outside of the first six months of the agreement, and as such the onus was on Mr L to prove the issues were likely to have been present or developing at the point of sale.

I can see MB accept that the agreement was entered into on 19 June 2023. I haven't seen a date that Mr L collected the vehicle, however if we take 19 June 2023 as being the date Mr L took delivery of the car in line with the agreement starting, this would mean that he raised his rejection request and made MB aware of the issues within the first six months of the agreement.

This is important for two reasons. Firstly, within the first six months of an agreement like this starting, there can be a greater onus on MB to prove the issues were not present or developing at the point of sale, and, The CRA explains that If an issue is reported after 30 days, but within the first six months, the supplier has one chance to repair the vehicle, if this repair then fails, or the vehicle suffers another issue, the consumer then has the right to accept another repair or to reject the vehicle. The CRA also says that these repairs should be carried out within a reasonable time and without causing significant inconvenience to the consumer.

The CRA also explains that if a consumer encounters an issue within the first 30 days of an agreement like this, they can assert their short-term right to reject without accepting a repair.

However, this has not happened in this case. Mr L had encountered issues within the first 30 days but had not asked to reject the vehicle at that point.

Under the CRA, MB should have done more to find out about the issues and if they were likely to have been present or developing at the point of sale as these were reported not only to the broker early on but were brought to MB's attention within the first six months when Mr L raised his rejection request. It's at this point MB should have done more, they didn't necessarily have to facilitate a rejection request at this point, but I'm persuaded they should have investigated the issues.

Instead, further time goes by as Mr L is dealing with the issues and communicating to try to have them resolved.

Eventually an independent inspection report was booked to investigate the issues with the vehicle. This took place in early June 2024, and shows the vehicle was rolling backwards on a hill before engaging the correct gear, and the same would happen when in reverse and the vehicle was pointing downhill. It was the engineer's opinion this was due to wear and tear and would not have been present at the point of sale, particularly as they considered Mr L had travelled around 15,821 miles since purchasing the vehicle.

However, this report doesn't appear to take into account the evidence Mr L had supplied in relation to the video of the issues he'd taken within the first few weeks of his ownership of the car. During these videos, the mileage is recorded at 71,263 and 71,651 miles. This would mean Mr L has supplied information showing the issues reported after having travelled around 674 to 1,062 miles.

After this, the broker issued a response to Mr L explaining they had a main dealer repair the auto hold system as a gesture of goodwill and paid for a diagnostic at a main dealer. Mr L disputes this happened, and no evidence of these repairs has been provided.

The evidence I do have persuades me of two things, firstly the vehicle had issues that were reported early on and confirmed as issues by the independent inspection report, as well as appear to be acknowledge in emails with the broker. I'm persuaded these issues were present or developing at the point of sale, due to how early on they were reported. This made the vehicle of unsatisfactory quality when it was supplied. Secondly, Mr L raised this with MB within the first six months, and as such MB should have investigated, and assisted with these. As MB did not, the potential repairs that were needed and MB had one chance to repair under the CRA were not carried out within a reasonable timeframe.

As I'm persuaded of the above, It follows that I'm persuaded MB should now put things right.

I invited both parties to make any further comments. Mr L responded with points he wanted considered in relation to the amount of redress decided upon. MB responded to the provisional decision to explain they had nothing further to add. Now both parties have had an opportunity to comment, I can go ahead with my final decision.

What I've decided and why

As Mr L has supplied points he wanted considered in relation to the amount of redress I was minded to direct, it will be useful for me to provide answers to those points here. I may not include everything Mr L has said in the decision, but I have considered everything Mr L has said to guide my decision.

Mr L explained he had two key points he wanted to raise as to why he feels he should receive a full refund of his monthly payments dating back to December 2023. Mr L explained he'd travelled significant mileage as a necessity as the vehicle was not safe to use on some roads meaning he had to take longer routes to avoid hazardous situations. I acknowledge what Mr L has said, however I can't say that he has experienced loss of use of the vehicle. I would consider the mileage travelled between purchasing the vehicle and the inspection report as above average and I am persuaded Mr L has been able to travel significant mileage in the vehicle. I can't put this solely down to having to take longer routes, although I acknowledge why Mr L raises the issue. Mr L has had significant use of the vehicle, and it is fair that this is paid for through his monthly payments made.

Mr L also explained that his health situation and personal circumstances significantly impacted his awareness of his rights and his capacity to act swiftly in rejecting the vehicle. Mr L said he was unaware he could return it so early on as his conditions often make it difficult to process complex information, understand intricate legal rights and navigate processes. He also added that his mobility disability meant being without a vehicle or securing an alternative presented overwhelming challenge and continuing to try and resolve the issues felt like the only feasible option. Mr L explained that the information he supplied supports his request for the refund of his payments to be backdated to the point he rejected the vehicle in December 2023 as this was the earliest he was reasonably able to assert his right given his circumstances.

I acknowledge Mr L's position, and the information he has presented. I have no doubt that his personal circumstances have likely made things more difficult than someone in a different situation may have experienced. I also don't doubt what Mr L has said is true to the best of his knowledge. Having said this, Mr L has continued to have use of the vehicle after December 2023, and so it is fair that he pays for the usage of the vehicle. Had Mr L been able to reject the vehicle in December 2023, he'd have likely stopped using it and stopped paying for it. It is not a fair outcome for Mr L to have had use of the vehicle without paying for it and this is why it is fair that Mr L receives a refund of his monthly payments from when he handed the car back and stopped using the vehicle.

I thank Mr L for supplying the information explained and answered above in response to my provisional decision. After I've considered these points alongside the existing information and my provisional decision, as none of the information has changed my decision, the reasons why I'm not persuaded the vehicle was of satisfactory quality or the redress MB need to carry out to put things right, I see no reason to depart from my provisional findings outlined above alongside the added explanation in response to Mr L's points raised. It then follows that what I'd provisionally decided MB needed to do to put things right has also not changed.

Putting things right

As I've concluded that the car was not of satisfactory quality when it was supplied, I think it's reasonable that MB should put things right.

In this case, I do think it's reasonable that Mr L should be allowed to reject the vehicle as laid out by the CRA. As I've explained above, this is because MB did not have the required repairs carried out in a reasonable timeframe, and I have no evidence that they were ever carried out.

So, MB will need to treat the vehicle as having been rejected as of the date Mr L handed the vehicle back and terminated the agreement early. I understand the vehicle is no longer in Mr L's possession, but MB will need to ensure they haven't charged Mr L anything for the recovery of it. Mr L has managed to achieve what I'd consider to be above average mileage

in the vehicle during his ownership of it from the information I've seen, so I don't think it would be fair for Mr L to receive any of his monthly payments back for the time he was driving the car. As such, MB should be entitled to retain one monthly payment for each month the agreement was in force, to when it is treated as ended as outlined above, anything paid above this should be refunded to Mr L.

I acknowledge Mr L's position in wanting a full refund, however it would not be fair to suggest this, as Mr L would have had to have paid something to keep mobile particularly as he has mentioned he needed to travel for work, and he has achieved significant mileage in this vehicle. Similarly, I acknowledge Mr L's point around servicing, MOT and running costs such as tyres for the vehicle, however again it would not be fair to say these should be refunded, because Mr L could reasonably be expected to have paid these towards a different vehicle if he did not have this one and these things are considered general maintenance costs.

I have considered the impact on Mr L's credit file, and as MB supplied him with a car that was not of satisfactory quality, Mr L's credit file should be amended to show no negative information about the agreement if Mr L has made up the missed payments.

It is also fair for MB to pay Mr L £450 for distress and inconvenience caused to Mr L. I say this because Mr L has been able to explain how these issues have impacted him, and I consider these have had a greater impact upon Mr L than they may have had on another person that is not experiencing some of the conditions Mr L is. This has taken a long time for Mr L to sort, with the worry of a defective car, and unsure if he is going to be stuck paying for it after he has handed it back. MB should have stepped in to help, and as MB unfortunately didn't think they needed to do anything differently, this has caused greater impact on Mr L over this time.

My final decision

For the reasons explained, I intend to uphold Mr L's complaint and instruct Moneybarn No.1 Limited to do the following:

- Treat the agreement as ended as outlined above, with nothing further to pay.
- Ensure Mr L has paid nothing towards the collection of the vehicle.
- Ensure Mr L has only paid one monthly payment for each month he has owned the vehicle from the start of the agreement to when the agreement is treated as ended. Any overpayment should be refunded.
- Pay 8% simple yearly interest* on the above, to be calculated from when Mr L made the payment to the date of the settlement.
- Pay Mr L £450 for the distress and inconvenience caused.
- Amend Mr L's credit file to ensure no negative information is recorded about the agreement as outlined above.

*HM Revenue & Customs requires Moneybarn No.1 Limited to deduct tax from the interest amount. Moneybarn No.1 Limited should give Mr L a certificate showing how much tax it has deducted If he asks for one. Mr L can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 23 July 2025.

Jack Evans
Ombudsman