DRN-5621688

The complaint

Mr D is unhappy that a car supplied to him under a conditional sale agreement with Moneybarn No.1 Limited was of an unsatisfactory quality.

What happened

In June 2024, Mr D was supplied with a used car through a conditional sale agreement with Moneybarn. He paid an advance payment of £429, and the agreement was for £9,860 over 50 months; with monthly payments of £418.40. At the time of supply, the car was approaching nine years old and had done 84,949 miles (according to the MOT record for 17 May 2024).

Mr D started to have problems with the car from shortly after it was supplied to him. On 3 October 2024 he paid £496.80 for the removal and cleaning of the AdBlue injector and tank. The turbo then failed, which the warranty company refused to cover. So, on 24 October 2024, Mr D paid £1,002 for a replacement turbo. A few days later he was told that further work would be needed to the engine at an estimated cost of £6,000. At this point, Mr D stopped using the car.

Mr D complained to Moneybarn, and they responded to this on 2 January 2025. They said that Mr D had had unauthorised repairs done to the car, so they didn't uphold the complaint. They also said that, as the issues with the car occurred more than 30-days after it was supplied to him, he had no right of rejection. Unhappy with this response, Mr D referred the matter to the Financial Ombudsman Service for investigation.

Our investigator said the car developed faults within the first six months of supply, so Moneybarn were responsible. And, as the car wasn't of a satisfactory quality when it was supplied, Mr D should now be allowed to reject it. So, they said Moneybarn should take back the car; refund the deposit Mr D paid, as well as the payments he'd made since he stopped using the car in October 2024; refund the costs of the repairs Mr D had done; and pay him a further £450 compensation for the distress and inconvenience he'd suffered.

Moneybarn asked for the evidence the investigator had relied upon when reaching their opinion, and this was supplied to them on more than one occasion. However, after receiving this, Moneybarn stopped communicating with the investigator. So, this 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 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 D 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 confirm 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. So, if I thought the car was faulty when Mr D took possession of it, or that the car wasn't sufficiently durable, and this made the car not of a satisfactory quality, it'd be fair and reasonable to ask Moneybarn to put this right.

I've seen evidence that the car developed faults in October 2024, which the warranty company refused to deal with. And I've seen that this evidence has been supplied to Moneybarn. I've considered the nature of these faults, as well as the age and mileage of the car. However, in doing so, I'm satisfied that no reasonable person would expect to have to do major works on a car that had only been supplied to them around three-months earlier. As such, I'm satisfied the car wasn't reasonably durable when it was supplied to Mr D.

As I've stated above, where faults occur within the first six months, it's for Moneybarn to show these faults weren't present or developing at the point of supply. Despite having proof of the issues with the car, and sufficient time to arrange for the car to be independently inspected, Moneybarn haven't provided anything to show they aren't responsible for this.

Therefore, I'm satisfied that the car wasn't of a satisfactory quality when it was supplied to Mr D, and Moneybarn need to do something to put things right.

Putting things right

Section 24(5) of the CRA says *"a consumer who has … the right to reject may only exercise [this] and may only do so in one of these situations – (a) after one repair or replacement, the goods do not confirm to contract."* This is known as the single chance of repair. Moneybarn haven't had this chance of repair, as Mr D arranged for the AdBlue and turbo issues to be repaired independently – albeit because of the warranty company refusing to repair the car. As such, I need to consider that Moneybarn still have this right relating to the engine repair.

However, section 23(2) of the CRA also states *"If the consumer requires the trader to repair or replace the goods, the trader must (a) do so within a reasonable time and without significant inconvenience to the consumer."*

Given that Moneybarn were aware of the issues with the car in late 2024, and they were provided with all the evidence of the faults by no later than mid-April 2025, then I'm satisfied that Moneybarn have had more than a reasonable period of time to take positive action. By not doing so, it's arguable they have failed to comply with Section 23(2)(a) of the CRA. And, in these circumstances, Mr D should be able to reject the car.

The car has been off the road and undrivable since Mr D was advised on 26 October 2024 that major engine repairs were needed. This is also supported by the fact that the car is registered as being off the road under a SORN, and the MOT wasn't renewed when it expired in May 2025. During this period, Mr D hasn't been supplied with a courtesy car. As such, he's been paying for goods he was unable to use. As, for the reasons already stated, I'm satisfied the car was off the road due to it being of an unsatisfactory quality when it was supplied, and as Moneybarn failed to keep Mr D mobile; I'm satisfied they should refund the payments he's made since 26 October 2024, as well as refunding the deposit he paid.

Mr D has also provided evidence of the costs incurred in repairing the car. And, given that the car wasn't of a satisfactory quality when supplied, I think it's also only fair that Moneybarn reimburse these costs.

I also think Mr D should be compensated for the distress and inconvenience he's been caused. But crucially, this compensation must be fair and reasonable to both parties, falling in line with our service's approach to awards of this nature, which is set out clearly on our website and so, is publicly available.

Our investigator also recommended Moneybarn pay Mr D an additional £450 to recognise the distress and inconvenience caused. And having considered this recommendation, I think it's a fair one that falls in line with our service's approach and what I would've directed, had it not already been put forward.

I think this is significant enough to recognise the worry and upset Mr D would've felt by having to arrange for the car to be repaired twice, and by these repairs being ultimately unsuccessful due to the further work needed on the engine. And I think it also fairly reflects the fact that Mr D was further inconvenienced by not being sufficiently mobile to visit family during a period of severe illness and bereavement. So, this is a payment I'm directing Moneybarn to make.

Therefore, if they haven't already, Moneybarn should:

- end the agreement, ensuring Mr D is not liable for any monthly payments after the point of collection (if any payments are made, these should be refunded);
- collect the car at no collection cost to Mr D;
- remove any adverse entries relating to this agreement from Mr D's credit file;
- refund the deposit Mr D paid (if any part of this deposit is made up of funds paid through a dealer contribution, Moneybarn is entitled to retain that proportion of the deposit);
- refund the payments Mr D has made since 26 October 2024;
- upon receipt of proof of payment, reimburse Mr D for the costs of the repairs to the car on 3 and 24 October 2024;
- apply 8% simple yearly interest on the refunds/reimbursements, calculated from the date Mr D made the payments to the date of the refund†; and
- pay Mr D an additional £450 to compensate him for the trouble and inconvenience caused by being supplied with a car that wasn't of a satisfactory quality (Moneybarn must pay this compensation within 28 days of the date on which we tell them Mr D accepts my final decision. If they pay later than this date, Moneybarn must also pay 8% simple yearly interest on the compensation from the deadline date for settlement to the date of payment†).

†If HM Revenue & Customs requires Moneybarn to take off tax from this interest, Moneybarn must give Mr D a certificate showing how much tax they've taken off if he asks for one.

My final decision

For the reasons explained, I uphold Mr D's complaint about Moneybarn No.1 Limited. And they are to follow my directions above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 25 September 2025.

Andrew Burford
Ombudsman