

The complaint

Mr S and Miss Y complain that a car supplied to them under a conditional sale agreement with Moneybarn No. 1 Limited (MBL) is of unsatisfactory quality.

What happened

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

“In September 2023, Mr S and Miss Y entered into a conditional sale agreement with MBL to acquire a used car. The car was around nine years and four months old. The vehicle had travelled around 70,059 miles. The cash price of the car was £6,495.00. The total amount payable on the agreement was £9,821.73, payable by 60 monthly repayments of £166.47.

Mr S and Miss Y explained they encountered an issue with the vehicle in October 2024, and had to call a breakdown company. During this callout, the person attending the callout suspected an issue with the vehicle’s catalytic converter. Mr S and Miss Y complained to MBL about this issue. MBL initially requested Mr S obtain evidence to show there was a fault, and that this was likely to have been present or developing at the point of sale. Without this evidence, MBL would not be able to uphold Mr S and Miss Y’s complaint.

Mr S and Miss Y obtained an independent inspection report in November 2024. This report detailed issues with the car’s catalytic converter, and oil leak and the timing belt. The report further explained the faults were present or developing at the point of sale, and it was likely the vehicle would need a new or reconditioned engine due to the degradation of the timing belt.

After this was supplied to them, MBL arranged for a further inspection to be carried out by a different independent inspector. In this second report, the catalytic converter was deemed to be a fault present or developing at the point of sale, but the timing or wet belt as it is referred to in this report was considered to be an in-service wear and tear item. The inspector recommended the oil leak be investigated to determine the cause.

Due to this second report, MBL partially upheld Mr S and Miss Y’s complaint, reimbursed the cost of the report paid for by them, and offered to ensure the catalytic converter issue would be covered. However they explained the timing belt would need to be replaced by Mr S and Miss Y.

As Mr S and Miss Y were unhappy with this, they brought their complaint to this service, where it was passed to one of our investigators. The investigator upheld the complaint. They thought that the information contained in the first inspection report was persuasive and that the issues were present or developing at the point of sale, making the vehicle of unsatisfactory quality. The investigator explained that a fair outcome would be for MBL to have the vehicle repaired. Mr S and Miss Y agreed with this outcome, and initially it appeared MBL did also. However after some time had passed regarding Mr S and Miss Y obtaining quotes for repair, MBL issued another response to explain they would only cover repairs up to £500 as they didn’t agree the timing belt issue was present at the point of sale

and that it was considered a wear and tear item for Mr S and Miss Y to replace.

Mr S and Miss Y were unhappy with this, and asked for the complaint to be passed to an ombudsman for a final decision. So, I've been asked to review the complaint to make a decision."

I sent Mr S and Miss Y and MBL my provisional decision on 22 August 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 S and Miss Y 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 S and Miss Y's complaint about MBL. MBL 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. The CRA also explains the durability of goods is part of satisfactory quality.

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 S and Miss Y acquired a car that was almost nine and a half years old and had travelled around 70,059 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 S and Miss Y experienced with the car. Based on what I've seen, I'm satisfied that there were faults with the catalytic converter, timing or wet belt and an oil leak. I say this because neither MBL nor Mr S and Miss Y dispute the vehicle has issues with the parts above. I've also seen two independent inspection reports confirming issues with these parts. Having considered the car had faults, I've considered whether it was of satisfactory quality at the time of supply.

Both independent reports carried out agree that the catalytic converter issue was likely present or developing at the point of sale. I'm also persuaded this was the case because I can see the vehicle has failed an MOT in August 2022 and August 2023 where the issues listed appear consistent with this. This would suggest the vehicle underwent two instances of trying to repair the issue before Mr S and Miss Y acquired it, and then it has failed again.

In regards to the oil leak, both independent reports confirm a significant oil leak from the

engine. Neither of the reports are able to say what the cause of the leak is, but the second inspection report does state that this should be investigated.

The real point of contention comes to the wet or timing belt. The first report explains that this has failed as a result of overdue and inadequate servicing of the engine. It goes on to suggest that displaced material is likely to be causing low oil pressure and bearing damage due to premature failure. This led the inspector to the opinion that the car was not of satisfactory quality when it was supplied and that a new or reconditioned engine would be required due to likely damage to the lubrication system.

The second report however considers the timing belt to have reached the end of its serviceable life, and became due for replacement when the vehicle became ten years old in line with manufacturer guidelines, around eight months after Mr S and Miss Y acquired it. This report confirmed erosion to the wet belt and comments on the vehicle's patchy service history. The inspector thought there was no evidence that the engine needed replacing at this stage, the timing belt hasn't failed yet but that it was degraded and eroding.

Having considered this information, I'm persuaded that the car was not of satisfactory quality when it was supplied. I say this because the vehicle shows a history of emissions problems leading it to fail MOTs, in the two years preceding Mr S and Miss Y acquiring it, and the vehicle has then suffered an issue with the catalytic converter after they've covered only around 4,280 miles in around one year and one month. I'd consider this to be below average to low mileage for this time period. A faulty catalytic converter can also have knock on effects on the engine and other parts and may have contributed to other issues - although I wouldn't say the car was of unsatisfactory quality based on a potential situation like this alone, as there isn't evidence to show this has definitely caused other damage.

I'm also persuaded by the information available that the vehicle hadn't been well maintained prior to Mr S and Miss Y being supplied with it and this will factor in to the issues experienced and the unsatisfactory quality of the vehicle in this particular case. I say this because the first record of any service is listed as happening after around five years and 38,405 miles. The next recorded service is almost two and a half years later in 2021 at 59,062 miles, with another listed ten months later at 66,189 miles. There is an invoice in May 2023 for an oil filter, DRN plug gasket and oil, however there is little information showing the vehicle these were carried out on and the photograph of the service book doesn't show this. Mr S and Miss Y then acquire the vehicle in September 2023, and haven't had a service carried out on the vehicle. Mr S explained he was considering having this serviced, however it seems that a reasonable person may consider the lengthy gaps between services prior to Mr S and Miss Y being supplied with the vehicle is more likely to have caused significant wear on the wet or timing belt among other parts.

I can see there is some discussion over the vehicle being advertised as having "service history" and whether this means Mr S and Miss Y were likely to have been able to find out there had been missed services. Ultimately, they have been supplied with a vehicle that hasn't been well maintained, and I'm persuaded it is reasonable that it has caused more wear than it may have done if the manufacturer's servicing schedule had been followed.

Research suggests a wet belt could require replacing around 64,000 miles or six years, depending on which comes first, and that a timing belt may need replacing from around a similar timeframe, up to around 100,000-150,000 miles or ten years, whichever arrives first, usually relying on the manufacturer's maintenance schedule being followed. Having considered everything I've been provided about this vehicle, I'm not persuaded that the vehicle has been well maintained and that Mr S and Miss Y could not have expected the wet belt to need replacing after the mileage they were able to travel.

I acknowledge the second report mentioning the wet or timing belt became due during Mr S and Miss Y's ownership of the vehicle, however I'm persuaded that could well have needed replacing earlier, and it is reasonable to think that excessive wear could have been caused to it due to the history of the vehicle.

There is also a significant, undiagnosed oil leak coming from the engine that as far as I can tell still requires investigation. Overall all of these factors persuade me that the vehicle was not of satisfactory quality when it was supplied."

I invited both parties to make any further comments. Mr S and Miss Y replied to say why they thought the provisional decision didn't go far enough to compensate them. Specifically this is due to the payments made before the inspection report being retained by MBL. Mr S and Miss Y feel it isn't fair for MBL to retain the money and for them to have paid it towards a car that was of unsatisfactory quality. Mr S and Miss Y also questioned the level of payment for distress and inconvenience caused and explained the circumstances they have encountered. MBL responded to explain they had no further comment to make.

As a note, I can see Mr S and Miss Y supplied an updated version of their written response due to finding it difficult to express properly in writing. I wanted to thank Mr S and Miss Y for taking the time to supply their comments, and I've kept these in mind when reaching my final decision. I'll explain my decision in relation to those comments here.

I acknowledge and understand why Mr S and Miss Y feel it is unfair to have paid monthly instalments for a car that was of unsatisfactory quality. Having said this, it is also fair that whilst they had the vehicle and had use of it, it is paid for. The fairest way to reflect this is for the monthly payments due and paid, to be retained by MBL. As explained, I acknowledge why Mr S and Miss Y disagree with this as they could well feel like that money has gone toward paying for something they no longer have, but had Mr S and Miss Y purchased a different vehicle or made other arrangements, it's likely they'd have had to pay towards this instead. It isn't fair for Mr S and Miss Y to have had free use of a vehicle, albeit one that was of unsatisfactory quality. I hope I've been able to explain why it is fair that the payments I'd decided should be retained by MBL are not reimbursed to Mr S and Miss Y.

I also considered what Mr S and Miss Y said about the impact the situation had on them. When provisionally deciding a payment for distress and inconvenience, I had some information available about their circumstances that guided me towards a fair payment being an additional £250.00. Having considered the newly supplied information about Mr S and Miss Y's circumstances, I'm persuaded that this level was appropriate in my provisional decision. I can see that the events did have a significant impact on Mr S and Miss Y, and it is for these reasons that a payment of £250.00 is fair under the circumstances.

So, having considered Mr S and Miss Y's comments in relation to the provisional decision, and all of the evidence available again, I'm not persuaded that any of the information supplied changes my decision.

What I've decided – and why

As neither party responded to my provision decision with any further information that would change my reasoning or outcome, I see no reason to depart from my findings above. I've copied below what I provisionally decided MBL need to do to put things right. As I received no further information or comments that persuade me differently, this 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 MBL should put things right.

The investigator initially thought that a repair was a fair outcome. Had the repairs been carried out in a reasonable timeframe I'd also agree that repair in the first instance is likely to be a fair outcome. However, there is a significant undiagnosed oil leak, the first inspector considers that due to the degradation of the timing belt a new or reconditioned engine will be needed and if this is true it will likely be uneconomical for MBL to repair it, and the vehicle has sat unused for a significant period of time due to the issues with it that may well have caused further issues that could need rectifying.

As such, I'm persuaded that rejection of the vehicle is now a fair outcome. I say this due to the reasons explained above alongside the fact that repairs have not been carried out without undue delay or in a reasonable timeframe as laid out by the CRA.

As rejection is now a fair outcome, MBL should end the agreement with nothing further to pay from the point the vehicle was diagnosed by the first inspection report. This report was prepared on 5 November 2024. Anything paid after this point towards the agreement should be refunded to Mr S and Miss Y. I can see Mr S has supplied information about having to tax and insure the vehicle. Paying for tax and insurance of a vehicle is an expected part of ownership, however as Mr S and Miss Y have been unable to use the vehicle as of November 2024, I think it is reasonable that these costs are refunded to them from 5 November 2024 if they can evidence they were paying for them elsewhere, as they are likely to have only needed to pay for one set of these costs if the vehicle supplied was not of unsatisfactory quality.

I can see that MBL covered the cost of the first inspection report previously, so I wouldn't ask for them to cover this again.

I've considered if a payment for distress and inconvenience is relevant in this complaint. I can see MBL offered to pay £50 previously. I agree with the investigator that an additional £250 is a fair way to reflect the distress and inconvenience caused here. I say this because Mr S has detailed the significance of the issues on himself personally and his family and how this has affected him being able to transport them. This is particularly relevant in light of Mr S' disabilities.

MBL should also arrange to remove any negative information about the agreement from Mr S and Miss Y's credit files if applicable.

My final decision

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

- End the agreement as outlined above.
- Refund all payments made after the point of rejection as outlined above.
- Refund some evidenced costs as outlined above.
- Pay 8% simple yearly interest* on the above, to be calculated from when Mr S and Miss Y made the payments to the date of the settlement.
- Pay Mr S and Miss Y an additional £250 for the distress and inconvenience caused.
- Remove any adverse information recorded on Mr S and Miss Y's credit file in relation to the

agreement if applicable.

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S and Miss Y to accept or reject my decision before 21 October 2025.

Jack Evans
Ombudsman