

The complaint

Mrs L complains about the quality of a car that was supplied through a conditional sale agreement with Moneybarn No. 1 Limited trading as Moneybarn (Moneybarn). Mrs L is also unhappy with the resolution offered by Moneybarn.

What happened

In November 2024, Mrs L acquired a used car through a conditional sale agreement with Moneybarn. The car was about seven years old and had travelled 50,222 miles when it was supplied. The cash price of the car was £7,450. An advanced payment of £800 is listed, so the total amount payable under the agreement was £6,650 payable over 59 monthly repayments of £164.34.

Mrs L said that a few days after being supplied the car she noticed a noise under the bonnet. She brought it into the dealership where she said an issue with the suspension was diagnosed. Prior to it being repaired Mrs L identified further issues with the gearbox and asked to reject the car but was told the garage would need an opportunity to repair it.

In November 2024, Moneybarn issued a final response to Mrs L's complaint which they didn't uphold. In summary, it concluded as the dealership had accepted liability and had repaired the vehicle, they would not support a rejection of it.

Mrs L said after the garage repaired the suspension; she had the car inspected by an independent garage which identified a number of issues with the car including the brakes not being fit for purpose and commented on a suspected clutch issue.

Mrs L said as a result she'd like to reject the car, claim back costs incurred and be given compensation for the distress and inconvenience caused.

In February 2025 Mrs L brought her complaint to our service where it was passed to one of our Investigator's to look into.

Later in February 2025, Moneybarn issued a further response to the complaint. In summary they considered the issues identified by the garage confirmed the initial repairs didn't fix all the reported issues and so they were supporting a rejection of the car. In addition, they agreed to refund, with interest, the deposit paid, the monthly instalments for December 2024, January and February 2025 and the vehicle inspection diagnostics. They also agreed to pay £200 in compensation for the distress and inconvenience caused.

Mrs L remained unhappy with Moneybarn's response as she felt she should also be reimbursed for the car hire costs she incurred whilst her car was undriveable. So, she confirmed she wished to pursue this issue with our service.

The investigator recommended that Mrs L's complaint should not be upheld. In summary, he concluded the car wasn't of satisfactory quality when it was supplied but felt Moneybarn had acted fairly in how they resolved the issue. The Investigator didn't think it would be fair for Mrs L to have free use of a car considering Moneybarn had refunded all of her monthly repayments.

Mrs L didn't accept the Investigator's assessment. She felt it was fair that she shouldn't have to pay for the car hire costs, even though she'd received a full refund of her monthly repayments from Moneybarn. Mrs L felt she wouldn't have had to hire additional vehicles had the issues not arisen in the first place.

As the Investigator's opinion remained unchanged, Mrs L asked that her complaint be referred to an ombudsman for a final decision.

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.

In considering what is fair and reasonable, I've thought about all the evidence and information provided afresh and the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider to have been good industry practice at the relevant time.

Mrs L complains about a conditional sale agreement. Entering into consumer credit contracts like this is a regulated activity, so I'm satisfied we can consider Mrs L's complaint about Moneybarn. Moneybarn is also the supplier of the goods under this agreement, and is responsible for a complaint about their 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.

Here, Mrs L acquired a used car which had covered around 50,000 miles and cost around £7,450. So, I think a reasonable person would not have the same expectation of quality in comparison to a newer model, which had less mileage. But I still think they would expect the car to be free from any major defects and would expect trouble free motoring for both some time and distance.

Mrs L provided a diagnostic report showing the issues identified with the car, which were consistent with what she'd told us. Moneybarn have also confirmed these issues. So, I'm satisfied there were faults with the car.

Both parties have also agreed that the car wasn't of satisfactory quality when the car was supplied. Mrs L complained about this, and Moneybarn in their final response dated 25 February 2025 upheld Mrs L's complaint, confirming the repairs carried out didn't fix all the issues reported and supported a rejection of the car.

So, I've considered that the issues of the quality of the car when it was supplied to Mrs L is no longer in dispute by either party. So, I've not focussed on this in my decision. My focus in this decision is whether Moneybarn should reimburse to Mrs L the car hire costs she incurred whilst her car was undriveable.

In their final response dated 25 February 2025, Moneybarn confirmed it would take the following action to resolve the complaint:

- End the agreement with no further liability for Mrs L
- Remove the credit agreement from Mrs L's credit file
- Refund the £800 deposit Mrs L paid
- Refund her monthly instalments for December 2024, January 2025 and February 2025
- Reimburse the inspection/ vehicle diagnostics
- Pay £200 in compensation for distress and inconvenience
- Pay added interest at 8%

In addition to this Mrs L says she wants her car hire costs reimbursed. Mrs L provided receipts for car hire in November 2024, December 2024, January 2025 and February 2025.

Having considered the circumstances, I'm not persuaded Moneybarn should be liable for this. Moneybarn has refunded all of Mrs L's monthly repayments, meaning she's not been charged for her time owning the car. However, Mrs L hired vehicles to stay mobile during the months where she was unable to use the car. I think it's fair that she pays for that usage.

The CRA says that where a consumer has the final right to reject goods (as in this case), that any refund may be reduced by a deduction for usage. I acknowledge that Mrs L feels she wouldn't have had to hire another vehicle had her car been of satisfactory quality, however, she received a full refund from Moneybarn, so it wouldn't be reasonable to expect them to reimburse her for the vehicle hire also; because it's fair that she pays for the usage of it.

The inconvenience that has been caused as a result of her being supplied the car has been recognised in the compensation payment Moneybarn paid to her. The other refunds were to ensure as far as possible she was put back in the position she would have been had she not entered into the conditional sale agreement with them. The aim is not to facilitate any free usage of goods.

As I've concluded that Moneybarn have acted fairly in their resolution to Mrs L's complaint, I won't be asking them to do any more in relation to it.

My final decision

My final decision is that I don't uphold Mrs L's complaint about Moneybarn No. 1 Limited trading as Moneybarn.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L to accept or reject my decision before 24 October 2025.

Benjamin John
Ombudsman