

The complaint

Mr H is unhappy with the redress offered by Moneybarn No. 1 Limited (Moneybarn) after it agreed that a car they supplied to him under a conditional sale agreement was of an unsatisfactory quality.

What happened

In November 2024 Mr H was supplied with a used car through a conditional sale agreement with Moneybarn. He paid an advance payment of £6,378 and the agreement was for £27,891 over 60 months; with 59 monthly payments of £364.63. At the time of supply, the car was around nine years old, and had done 99,237 miles.

Mr H complained that the car was leaking oil and smoking excessively.

Moneybarn agreed the car was faulty, due to failed repairs, and allowed Mr H to reject it. They refunded him the two monthly payments he'd made, and paid him £500 for the distress and inconvenience caused.

They also agreed to refund his deposit, and agreed to pay for many of the cosmetic repairs required to the car.

Mr H was unhappy with this response, so he referred his complaint to our service for investigation.

Our investigator said that Moneybarn had calculated the redress in a different way to the approach we take at the Ombudsman service, but the difference was minimal, and would be of benefit to Mr H. He did say that they should add 8% simple yearly interest to the refunded amounts.

He said that the amount of compensation for distress and inconvenience caused was in line with our approach.

But he felt it wasn't reasonable that Moneybarn pay for the earnings Mr H said he'd lost out on because the faulty car prevented him from working.

Mr H didn't agree with the investigator. He said he was more than £10,000 out of pocket because of the faulty car. He said he'd lost £3,300 a month from January 2024 to April 2024 because he couldn't get work.

Because Mr H didn't agree, this matter has been passed to me to make 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.

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 H was supplied with a car under a conditional sale agreement. This is a regulated consumer credit agreement which means we are able to investigate complaints about it.

The Consumer Rights Act 2015 (CRA) covers agreements such as the one Mr H entered into. Under this agreement, there is an implied term that the goods supplied will be of satisfactory quality. The CRA says that goods will be considered of satisfactory quality where they meet the standard that a reasonable person would consider satisfactory – taking into account the description of the goods, the price paid, and other relevant circumstances.

So, if I thought the car was faulty when Mr H 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.

Undisputed Fault

In this instance, it's not disputed there was a problem with the car, nor that this fault was present when the car was supplied to Mr H. As such, I'm satisfied that I don't need to consider the merits of this issue within my decision. Instead, I'll focus on what I think Moneybarn should do to put things right.

Putting things right

No Payment Refund

It appears that Mr H was able to use the car while it's been in his possession. I say that because, according to the inspection report, it appears that he travelled more than 5,000 miles in the four month period he had the car. In those circumstances I'd say that it would be reasonable that he pays for this usage. That would mean he pays the monthly rentals for the time he had the car.

I note that in this case, based on Mr H's personal circumstances, Moneybarn agreed to refund the monthly payments he made.

Deposit and damages

Our normal approach in cases where a faulty car is rejected is to require the business to refund the full deposit to the customer. But we also think it's reasonable for the business to charge the consumer for any damage done to the car whilst it was in their possession. And in this case, the agreement Mr H entered into allowed for such charges.

In this case, the supplying dealer said there were a number of areas of damage to the car. Moneybarn disputed most of these with the dealer, leaving only one charge: for damage to the rear bumper. I've seen photos of that damage, and I understand Mr H has accepted this. So I think it reasonable that Moneybarn deduct the cost of the repair, £260.74, from the deposit.

Distress and Inconvenience

It's clear that Mr H was inconvenienced by having to arrange for the car to be repaired, and by this repair being unsuccessful. He's also described the emotional and physical impact of driving a car that he felt was a risk to his and his family's health.

Moneybarn agreed to pay £500 to reflect the distress and inconvenience caused. That's in line with the approach we would take.

So I think it's fair and reasonable that Moneybarn pay £500 to Mr H for distress and inconvenience caused.

Loss of earnings

Mr H said he lost out on work, and earnings, because of the car. I can't say that Moneybarn was responsible for that loss. I haven't seen any persuasive evidence that the faults with the car prevented Mr H from working, especially given the mileage travelled in the time he had the car.

In circumstances like this where things go wrong, we'd expect individuals to take reasonable steps to mitigate their losses – that may include finding alternative means of transport. If the car was unusable, and if a courtesy car was not provided, then I would refund the monthly payments, and this would contribute towards any extra costs incurred.

So in this matter, it wouldn't be fair or reasonable to ask Moneybarn to pay for any loss of earnings. So I won't be asking them to do anything more.

The approach I've described above differs from the approach Moneybarn took. But the amount of the final award differs only slightly. Taking account the amount of mileage done, and the monthly payments made, I think Moneybarn's award of £5,253.76 is reasonable in this case.

Therefore, if it hasn't already done so, Moneybarn should:

- end the agreement with nothing more to pay;
- collect the car at no cost to Mr H;
- remove any adverse entries relating to this agreement from Mr H's credit file;
- pay Mr H £5,253.76, made up of £4,524.50 of the deposit contribution (minus the deductions described above) and £729.26 for the monthly payments (if any part of the deposit was made up of funds paid through a dealer contribution, Moneybarn is entitled to retain that proportion of the deposit);
- apply 8% simple yearly interest on the refunds, calculated from the date Mr H made the payment to the date of the refund[†]; and
- pay Mr H £500 to compensate him for the distress and inconvenience caused by being supplied with a car that wasn't of a satisfactory quality.

[†]If Moneybarn considers that tax should be deducted from the interest element of my award, they should provide Mr H with a certificate showing how much they have taken off so he can

reclaim that amount, if he is eligible to do so.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 13 August 2025.

Gordon Ramsay
Ombudsman