

The complaint

Mrs J complains about the quality of a used car she acquired through a hire purchase agreement (HPA), financed by Secure Trust Bank Plc trading as Moneyway (Moneyway).

What happened

In August 2023, Mrs J acquired a used car through a HPA, financed by Moneyway. The cash price of the car was £6,735, with the full amount being financed through the HPA. Mrs J committed to make 59 monthly repayments of £171.74, before making a final repayment of £181.74 on month 60. The car was around 9 years old and had travelled around 72,400 miles when Mrs J acquired it.

Mrs J says shortly after taking receipt of the car, it developed some minor faults which the supplying dealership resolved. But then in December 2023, Mrs J says the car developed a serious fault. In January 2024, Mrs J took the car to her local garage who advised her not to drive it and to contact her warranty provider.

The car was later transported to another garage, approved by the warranty provider, who diagnosed the transfer box required repairing. This work was completed under warranty but there was a shortfall of £125 between the cap on her warranty claim and the cost of the repair, so on 19 January 2024, Mrs J raised a complaint to Moneyway.

In February 2024, Moneyway agreed to cover the £125 shortfall. In addition, to settle Mrs J's complaint, they refunded one contractual monthly repayment of £171.74 to her and reimbursed taxi costs, she'd incurred due to her needing to travel and her not having a functioning car.

In March 2024, Mrs J advised Moneyway she was experiencing further issues with the car, with two mechanics she'd sought advice from having suggested there might be an issue with either the car's fly wheel, clutch or gearbox.

Moneyway looked into things further and arranged for an independent engineer to inspect the car in April 2024. Moneyway also reimbursed Mrs J further taxi costs and paid her £150 compensation, for having previously given her mis-leading information about being able to unwind the HPA.

In June 2024, Moneyway sent Mrs J their final response to her complaint, saying after having reviewed the independent engineer's report; they were upholding her complaint.

Moneyway said because Mrs J had made the dealership aware of the previous issue with the transfer box and they'd failed to assist her, they'd had their one chance to put things right by way of repair, so they said Mrs J now had the right to reject the car.

As Mrs J had since returned the car, Moneyway refunded all remaining payments she'd made towards the agreement. They also reimbursed her for further taxi costs up until that point and offered to pay her a further £150 compensation.

But Moneyway said they were entitled to deduct from any refund due, an amount to cover her use of the car whilst it was in her possession and that this would be at a rate of 25 pence for each of the 3,544 miles she had travelled.

Mrs J was unhappy with Moneyway's response, so she referred her complaint to the Financial Ombudsman Service.

Mrs J said Moneyway should refund her the payments she'd made towards her car insurance, her warranty agreement and the cost of transferring her private vehicle registration plate. She also said Moneyway should pay her interest and further compensation for the mental trauma and stress the situation had caused her. Finally, Mrs J disagreed Moneyway should be able to deduct the mileage cost they had, an amount of £886.

One of our Investigators looked into things, but didn't think Moneyway needed to do anything more than what they'd already done to put things right. She said she thought, when considering what Moneyway had done overall, their deduction of the mileage charge was fair and reasonable and that as they'd already paid her in excess of what she would've asked them to, she didn't think Moneyway needed to pay Mrs J more.

Our Investigator also said, whilst Mrs J had confirmed Moneyway had since reimbursed her for the cost of retaining her private registration plate, she didn't think they needed to cover any costs relating to insurance or warranty. Finally, our Investigator said she thought Moneyway's offer of compensation was fair, so she didn't recommend they pay anymore.

Mrs J disagreed with our Investigator's opinion. She said Moneyway's offer of compensation was appalling considering the distress and inconvenience the issues had caused her. Mrs J also remained unable to understand why she was being penalised by way of Moneyway's deduction of the mileage charge from the refund she'd received.

Because a resolution could not be reached, this complaint has come 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'm upholding this complaint for much the same reasoning as our Investigator, overall, I think Moneyway's offer to put things right is fair and reasonable. I'll explain why.

But first, I'm aware I've summarised this complaint in far less detail than has been provided, and I've done so using my own words. No discourtesy is intended by this. Instead, I've concentrated on what I think are the key issues here. Our rules allow me to do this.

This reflects the nature of our service as an informal alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it, I haven't. I'm satisfied I don't need to comment on every detail or address every point to be able to reach what I think is the right outcome in the circumstances of this complaint.

As this complaint concerns the quality of goods, in this case a car, supplied through a regulated HPA Mrs J entered into, I'm satisfied this is a complaint we can consider.

In considering what's fair and reasonable, I need to have regard to the relevant law and regulations. The Consumer Rights Act 2015 is relevant to this complaint. It says that under a contract to supply goods, there is a statutory right for the goods to be of satisfactory quality.

To be considered satisfactory, the goods would need to meet the standard that a reasonable person would consider satisfactory – taking into account any description of the goods, the price and all other relevant factors. It's important to say in this case, the CRA specifically states durability is an aspect considered when assessing if goods are of satisfactory quality.

Here, Mrs J acquired a used car which had covered around 72,400 miles and cost £6,735. So, I think a reasonable person would not have the same expectation of quality in comparison to a newer model, which had less mileage on the odometer. 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.

Moneyway have acknowledged the car wasn't of satisfactory quality when it was supplied. They accepted the findings of the independent engineer's report which said:

"There is no doubt that the vehicles overall general condition is acceptable for its age and mileage, however the vehicle had an underlying condition which we believe is caused by a worn dual mass flywheel."

The engineer noted the car had only covered some 3,000 miles since the date of sale, concluding:

"For a dual mass flywheel to wear to the point it starts to chatter take multiple thousands of miles, and certainly more than the 3000 miles, leading us to the conclusion that the dual mass flywheel had minimal future life expectancy at the point of purchase and the reason we believe that the sales agent should be responsible for the repair."

So, the quality of the car supplied to Mrs J isn't being disputed. Mrs J has now rejected the car and the HPA has ended. Instead, it's the actions taken by Moneyway to put things right that remain in dispute. It's these actions my decision will now focus on.

First, I want to thank Mrs J for the detail she's provided when explaining the impact being supplied a car of unsatisfactory quality has had on her, in addition to how members of her close family have also been impacted as a result of them being unable to rely on her for transport when the car was off the road.

That said, as the person that took out the HPA, I can only consider the impact this situation has had on Mrs J alone. And while I acknowledge Mrs J says being sold a faulty car has meant her having to both rely on others and miss events on multiple occasions, impacting her mental health and leading to her needing to seek help, I've taken a broader approach here, considering everything Moneyway's done to do to put things right here in the whole.

Rejection

To put things right, having now rejected the car, Moneyway refunded the remaining eight repayments Mrs J made towards the HPA. Together with the one repayment refunded some months earlier, this came to a total of £1,545.66.

However, because Mrs J had use of the car for around three months, travelling around 3,500 miles during that time, to reflect that use, Moneyway deducted a mileage charge of £886 from the amount refunded to her.

Generally, in circumstances such as these, I would expect to see a business refund any repayments a consumer had made towards an agreement when, for that same period they didn't have use of the car due to it being of unsatisfactory quality when supplied – and neither had they been provided alternative means of transport. Where a consumer did have

use of the car, albeit impaired use due to that car being of unsatisfactory quality, I'd expect a business to refund a proportion of any repayments they'd received, relevant to the impact the faults had on the consumers use.

Moneyway have refunded the repayments Mrs J made towards the HPA in full. In addition, while she wasn't kept fully mobile when she was without the car by way, for example, as having been provided with a courtesy car, she has confirmed Moneyway reimbursed her around £2,000 in total towards taxi costs which allowed her to complete essential travel during the time her car was off the road. So, I don't think Moneyway need to do anymore than they've done here.

Because Mrs J had use of the car for around three months, to reflect that use, Moneyway deducted a charge of £886 from the amount refunded to her. As I've explained, Mrs J travelled around 3,500 miles in the car whilst it was in her possession, so I think it's only fair she pays for this use. I think Moneyway have charged Mrs J a reasonable amount for each mile travelled, with the total charge of £886 determined by the level of use Mrs J had.

I've explained what I might generally ask a business to do in circumstances such as these, but having considered the actual circumstances in this case, alongside the actions taken by Moneyway in the whole to put things right here, I'm satisfied those actions are both fair and reasonable. I don't think Moneyway need to do anymore here.

Other expenses

I've also thought carefully about the other expenses Mrs J says she incurred as a result of acquiring the car, these costs being for insurance and a warranty policy.

As I've explained, Mrs J had use of the car for around three months so it follows she would have needed to be fully insured on it throughout this time. But even when not on the road, Mrs J remained responsible for the car until the point of rejection, so I consider it a reasonable expectation for her to have had cover for the whole time the agreement was in place. It is both a legal and contractual requirement, as such, I won't be asking Moneyway to reimburse Mrs J any costs towards insurance.

Regarding Mrs J's warranty policy, this isn't an additional cost noted on the invoice issued when she acquired the car, nor was it a cost financed by Moneyway as part of the HPA. So, while Moneyway agreed to cover the shortfall towards the initial repairs completed under the warranty policy, I won't be asking them to reimburse any costs Mrs J might've paid towards it cost of the policy itself.

Finally, Mrs J had also referred to a cost she incurred for the transfer of her private registration plate. But she has since confirmed this cost was refunded by Moneyway, so I won't be commenting on it further in this decision.

Distress and inconvenience

I'm aware Mrs J feels strongly about the level of compensation offered by Moneyway to resolve her complaint. It's clear to me having been provided with a car of unsatisfactory quality and to then be left without that car for some time has had significant impact on her.

I say this because aside from Mrs J's testimony, I can see she contacted Moneyway frequently for updates often expressing the impact the situation was having on her.

That said, while I can understand Mrs J's frustrations, I can see on occasions Mrs J contacted Moneyway multiple times on the same day or on consecutive days, sometimes

prior to deadlines passing which Moneyway had previously set out. On these occasions I don't think it would be reasonable to hold Moneyway fully responsible for the full extent of the contact Mrs J made.

As I've explained, when considering the impact this situation has had on Mrs J, I've taken a broader approach, looking at everything in the whole. Moneyway previously paid Mrs J compensation of £150. Following that, throughout the course of their investigation, Moneyway reimbursed Mrs J for taxi expenses totalling around £2,000. While I don't think they were obligated to do this, I'm satisfied it does go some way to showing they were both mindful of the impact the situation was having on her and aware of the importance to her of continuing with some essential travel.

Moneyway have offered Mrs J a further £150. Having considered everything in the whole, I'm satisfied this offer is fair and completes what I consider to be a reasonable resolution to this complaint.

Putting things right

Moneyway have already refunded all the payments Mrs J made towards the HPA and made a deduction of a mileage charge for the use she had of the car. In addition, they have paid her around £2,000 to reimburse her for taxi expenses incurred while she was without the car.

In addition, Moneyway have refunded the cost of Mrs J transferring her private registration plate, paid her £150 compensation for having given her incorrect information and have offered her a further £150 to reflect the distress and inconvenience the situation has caused.

Overall, having considered all the information available to me, I'm satisfied the actions taken by Moneyway, in addition to the further payment on offer, form what I consider to be a fair and reasonable resolution to this complaint. So, I think Moneyway should pay Mrs J the additional £150 they've already offered her.

My final decision

My final decision is that I uphold Mrs J's complaint and instruct Secure Trust Bank Plc trading as Moneyway to pay Mrs J the £150 compensation for distress and inconvenience offered in their final response letter.

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

Sean Pyke-Milne

Ombudsman