DRN-5723601

The complaint

Mr S 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 April 2024, Mr S was supplied with a used car through a conditional sale agreement with Moneybarn. he paid an advance payment of £379.37, and the agreement was for £5,620.63 over 46 months; with monthly payments of £174.98. At the time of supply, the car was around 11 years old and had done 68,498 miles (according to the agreement).

Mr S said he had various problems with the car, and he complained about this to both Moneybarn and the Financial Ombudsman Service. These issues included worn tyres, misaligned panels, a coolant leak, the alternator and driveshaft, the gearbox, and noisy wheel bearings.

Moneybarn arranged for the car to be inspected by an independent engineer. This inspection took place on 29 January 2025 when the car had done 91,250 miles – 22,752 miles since it was supplied to Mr S. However, the engineer noted that Mr S first reported an issue with the car – a coolant leak – when the car had travelled around 77,500 miles. The coolant leak had been repaired under warranty before this inspection took place.

The engineer said that there were warning messages related to the fuel cut off, the stop/start mechanism, and the number plate light. The engineer also said there was a noise from the rear of the vehicle, the back end appeared to be wandering, there were misaligned panels, and there was a fault code relating to the transmission. However, while there were clearly faults with the car, the engineer said these weren't present or developing when the car was supplied to Mr S.

Our investigator said the coolant leak happened in August 2024, when the car had travelled in excess of 8,000 miles. They thought that, due to the mileage Mr S had been able to do in the car, this issue wasn't present when the car was supplied. But, regardless of this, the fault was repaired under warranty and there's no evidence of any subsequent coolant leak. As such, Moneybarn didn't need to do anything more about this.

The investigator also thought the tyres needing replacement were due to the age and mileage of the car, and that tyres were serviceable items that required replacement on a regular basis. Finally, as there was no evidence the other faults with the car were present or developing when the car was supplied, the investigator didn't uphold the complaint.

Mr S didn't agree with the investigator's opinion. He said the stop/start issue was present when the car was supplied, and a garage had confirmed the incorrect alternator had been fitted to the car before it was supplied to him – the warranty company also rejected the alternator claim due to poor workmanship and the wrong alternator being fitted. He also said the heat shield was missing when he had the car.

Mr S explained that he'd only been able to travel over 20,000 miles in the car because he'd had to spend more than £2,000 on repairs, and he didn't think it was reasonable to have to spend this amount within the first 12-months.

I issued a provisional decision on 16 July 2025, where I explained my intention to uphold the complaint. In that decision I said:

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 S 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.

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 S took possession of it, and this made the car not of a satisfactory quality, it'd be fair and reasonable to ask Moneybarn to put this right.

In this case, it's not disputed there are, and have been, faults with the car. However, what is in dispute is whether these faults were present or developing at the point of supply, and whether Moneybarn are responsible for putting things right.

I've seen a copy of the independent engineer's report, dated 29 January 2025. The key findings of this report are detailed above, so I won't repeat them here. However, I have noted that the engineer also confirmed their duty is to the courts, not to the person who instructed or paid for the report. As such, I'm satisfied this report is reasonable to rely upon.

Mr S has raised further issues with the car, namely the rear springs, that have occurred since this report. However, the report doesn't mention any issue with the rear springs. It would therefore follow that the issue with the rear springs, and any other issues that have occurred after the date of this report, weren't present or developing when the car was inspected. So, they couldn't have been present or developing when the car was supplied to Mr S. As such, I won't be holding Moneybarn responsible for any issues with the car that occurred after 29 January 2025.

Turning to the issues with the car that were identified on or before the independent engineer's report of 29 January 2025, I've considered all the evidence that has been supplied by both parties.

Mr S has provided a breakdown report dated 10 August 2024 which identified a coolant leak. The mileage at the time of this breakdown was 77,099 miles, so the car had travelled 8,601 miles since it was supplied to Mr S. I've also seen an estimate dated 20 August 2024, when the car had done 78,551 miles. This says there was a coolant leak caused by a cracked EGR housing, a noise that was probably caused by a worn driveshaft that would need investigating, and part of the undertray was missing.

The coolant leak was subsequently repaired under warranty. However, I have noted that, given this mileage record, Mr S drove the car for 1,452 miles in the 10-days between the breakdown and the estimate, with an active coolant leak. Covering such a mileage in a short period of time with a known fault could have caused some drive-on damage as a result of the engine running hotter than it otherwise should've done.

There is a further estimate dated 10 September 2024 that said the alternator fitted to the car was incorrect and insecure. This was causing the alternator belt to hit the fuel pump and timing idler and cause a noise. A replacement alternator was recommended.

On 18 September 2024, the warranty company rejected Mr S's claim for the driveshaft as it had worn due to general wear and tear. They also rejected his claim for the alternator due to 'faulty workmanship'. Mr S has provided an invoice dated 4 December 2024 showing that the driveshaft and alternator were replaced with customer supplied parts, along with a coolant and oil and filter change. The labour charge for fitting the parts Mr S supplied was £480.

Based on the evidence I've seen I'm satisfied the car was supplied with an incorrect alternator. This has been confirmed by the estimate of 10 September 2024, which also confirms this was the cause of some of the noise from the engine. Mr S supplied a replacement alternator which was fitted (along with a drive shaft he supplied) at a labour cost of £480. As the car was supplied with the incorrect part, I think it's reasonable that Moneybarn reimburse Mr S for the cost of this.

However, there is a further invoice for £1,080.70 for a replacement alternator dated 7 March 2025. As the original (incorrect) alternator was replaced in December 2024, this invoice relates to the replacement alternator supplied by Mr S, not the original alternator supplied with the car. As such, this isn't something Moneybarn are responsible for.

With respect to the driveshaft, the estimate on 20 August 2024 confirmed this to be worn. And this was the reason why the warranty company refused to cover the repair cost. Mr S was supplied with the car when it had done around 68,500 miles and he'd travelled over 10,000 miles before the driveshaft issue manifested itself. The lifespan of a driveshaft in the make and model of car supplied to Mr S is in the region of 70,000 to 100,000 miles. So, I'm satisfied the issue with the driveshaft was down to normal in-service wear and tear. As such, I won't be asking Moneybarn to cover the cost of this.

Therefore, I've split the £400 plus VAT (£480) costs of fitting the alternator and driveshaft Mr S provided, based on the likely work involved for each part. And I'm satisfied that Moneybarn should refund Mr S £150 plus VAT (£180) for fitting the replacement alternator in December 2024, as well as the cost of his purchasing this alternator. They should also refund him the £248 he spent on having the alternator issue diagnosed on 10 September 2024.

Mr S has provided photographic evidence of the misaligned panels that were detailed on the estimate of 10 August 2024, and it's clear there was some misalignment. I've also noted that Mr S didn't purchase the car under the Distance Selling Regulations i.e. he saw and had the opportunity to examine the car prior to purchase. The CRA is clear that, where a consumer has had the opportunity to examine the goods before or at the point of purchase, and where there is a clear and obvious default (as was the case here), then there is assumed acceptance of that default and it doesn't make the goods of an unsatisfactory quality at the point of supply.

As such, I won't be asking Moneybarn to take any action regarding the misaligned panels.

The 10 August 2024 estimate also refers to part of the undertray being missing. However, it doesn't state that this was missing at the point of supply. And, as Mr S travelled over 8,500 *miles between supply and when this was noted, I can't be satisfied that this part didn't detach itself from the car during those 8,500 miles. So, I also won't be asking Moneybarn to take any action regarding this.*

I've also seen that Mr S has submitted invoices for replacement tyres, breaks, bearings, and for wheel alignment. These are all serviceable parts, and I don't think any reasonable person would expect a car of the age and mileage when it was supplied to Mr S to have all new serviceable parts. As such, replacing such items is considered to be part of normal motoring. And, given the mileage Mr S has been able to do in the car since supply, I don't think that having to replace parts such as tyres and brakes is unreasonable. So, I again won't be asking Moneybarn to do anything regarding this.

Finally, Mr S has complained about an intermittent fault with the gearbox. However, I haven't seen any evidence to show me there is a problem with the gearbox, let alone one that was present or developing when the car was supplied. So, I also won't be asking Moneybarn to take any action.

Given the above, I intend to ask Moneybarn to:

- *upon receipt of proof of payment, reimburse Mr S with*
  - *£248 for the diagnostic report of 10 September 2024,*
  - *£180 towards the repairs to the car that took place on 4 December 2024,*
  - *the cost of the alternator he purchased for these repairs; and*
- *apply 8% simple yearly interest on the reimbursements, calculated from the date Mr S made the payments to the date of the refund†.*

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

Responses

Mr S didn't agree with my provisional decision. He thought that, due to the significant financial loss and ongoing stress resulting from the continued issues with the car, this justifies additional compensation from Moneybarn. He also wanted to confirm if the need for him to change his job as a direct result of the ongoing issues with the car had been considered.

Mr S also said that he only became aware of the bumper defect with the car when it rained, and water started collecting on the bonnet. He felt that the ongoing cost of keeping the car was becoming unsustainable, so he would like to return the car without incurring any additional financial liability.

Finally, Mr S expressed his dissatisfaction about how Moneybarn had dealt with this matter after he complained about the quality of the car – their customer service was poor, they took too long to deal with things, and there was a lack of accountability and support.

Moneybarn didn't respond to my provisional decision. As such, I'm taking their lack of comments to mean they don't object to my provisional 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 his comments on my provisional decision, Mr S has explained why he doesn't feel Moneybarn dealt with his complaint in a reasonable manner. However, complaint handling is an unregulated activity and so, falls outside of our service's jurisdiction to consider. So, the way Moneybarn handled Mr S's complaint hasn't been considered as part of my decision.

As I explained in my provisional decision, the car was supplied to Mr S with an incorrect alternator. While this made the car of an unsatisfactory quality, the incorrect alternator didn't stop the car being driven. However, it did cause the alternator belt to hit the fuel pump and timing idler, causing a noise in the engine. While Mr S is suffering other issues with the car, these are down to age-related wear and tear, and there's no evidence of any other issues that were present or developing at the point of supply.

I appreciate the problems Mr S is currently having with the car, and the financial cost of this. However, for the reasons stated, these aren't the responsibility of Moneybarn. I also haven't seen any clear and compelling evidence that Mr S was forced to change his job as a direct result of the incorrect alternator being fitted to the car before it was supplied to him. As such, I won't be directing Moneybarn to compensate Mr S for this

With regards to the bumper, as I explained in my provisional decision, Mr S has provided photos clearly showing misaligned panels. As such, as he accepted the car in this condition, it's not something Moneybarn are responsible for.

With regards to being allowed to withdraw from the agreement and hand the car back, I've noted the agreement allows for Mr S to do this. However, dependent upon how much has been paid, there may still be a financial liability. I would therefore recommend that Mr S speak to Moneybarn about his withdrawal options, if this is a route he wishes to consider.

Therefore, having considered the comments I've received, and for the reasons given, I see no compelling reason why I shouldn't adopt my provisional decision as my final decision. And Moneybarn need to do something to put things right.

Putting things right

For the reasons stated in my provisional decision, and above, if they haven't already, Moneybarn should:

- upon receipt of proof of payment, reimburse Mr S with
  - £248 for the diagnostic report of 10 September 2024,
  - £180 towards the repairs to the car that took place on 4 December 2024,
  - the cost of the alternator he purchased for these repairs; and
- apply 8% simple yearly interest on the reimbursements, calculated from the date Mr S made the payments to the date of the refund[†].

[†]If HM Revenue & Customs requires Moneybarn to take off tax from this interest, Moneybarn must give Mr S 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 S'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 S to accept or reject my decision before 27 August 2025.

Andrew Burford
Ombudsman