

The complaint

Ms E complains that a used car she acquired through a conditional sale agreement financed by Moneybarn No.1 Limited trading as Moneybarn ('Moneybarn') is of unsatisfactory quality.

What happened

In May 2023 Ms E took out a conditional sale agreement to cover the cost of a used car. The car cost £8,590. It was around six years and nine months old, and it had around 45,800 miles on the odometer. Ms E made an advance payment of £100 and entered into the finance agreement to cover the remainder. The terms of the agreement required her to make 59 monthly payments of £272.80.

In June 2024 the car broke down and was recovered to a garage I'll refer to as B going forward. B inspected the car and provided a quote for repairs. This included the timing belt and reconditioning of the engine. Ms E contacted Moneybarn on 20 June 2024 to complain. She said the timing belt had snapped, damaging the engine to such an extent that it now needed to be replaced. Ms E said the car was sold to her with a full service history, but that at least one service was missed – and this meant the manufacturer declined to repair the car at no cost to her. Finally, she raised concerns that the car might have been in a head on collision before she acquired it.

Due to the issues with the car Ms E decided to voluntarily terminate the agreement in early July 2024. The car was collected and Moneybarn arranged for an inspection. The independent expert said they couldn't inspect the timing belt due to its location but noted that the engine needed replacing. They said the fault wouldn't have been present or developing at the time of supply.

In their final response Moneybarn said the expert's report confirmed the dealer wasn't liable so the repair would fall to Ms E as the registered keeper of the vehicle. They said they couldn't comment on the service history as they weren't aware of the dealer's internal processes. Moneybarn said there was no record of the car having been involved in a total loss incident. They added that Ms E had the chance to inspect the car when she acquired it, and if she had any concerns about its condition, she should have raised them at that point. Moneybarn deducted £75 from Ms E's outstanding balance in recognition of the time it took them to answer her complaint.

In September 2024 Moneybarn wrote to Ms E about their assessment of the car's condition. They said the car needed bodywork and mechanical repairs totalling almost £3,700 to get it to a 'fair wear and tear' standard. Moneybarn suggested selling the car at auction rather than repairing it, as this would likely result in a better outcome for Ms E.

Ms E referred her complaint to our service, where one of our investigators looked into what had happened. Her initial view was that the complaint should be upheld because the timing belt failed prematurely. Moneybarn didn't agree. They referred to the engineer's report and said this was clear in that the fault wasn't present or developing at the point of supply. They said Ms E had the car for around 13 months before the fault occurred and had travelled over 16,000 miles according to MOT data.

Our investigator reviewed her findings and ultimately concluded that although there was a fault with the car, an expert confirmed it wouldn't have been present or developing at the time of supply. And so, she didn't recommend the complaint should be upheld. Ms E didn't agree and asked for a final decision – and it came to me. I issued a provisional decision on 18 July 2025. In that I said:

"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 have provisionally decided to uphold this complaint.

When considering what's fair and reasonable, I take into account relevant law, guidance and regulations. The Consumer Rights Act 2015 ('CRA') is relevant to this complaint. This says, in summary, that under a contract to supply goods, the supplier – Moneybarn here – needed to make sure the goods were of 'satisfactory quality'. Satisfactory quality is what a reasonable person would expect, taking into account any relevant factors. I'm satisfied a court would consider relevant factors, amongst others, to include the car's age, price, mileage, and description. And, as it's of particular relevance here, it also includes durability.

Here, Ms E acquired a used car that cost £8,590. It was around six years and nine month old and had around 45,800 miles on the odometer. I think a reasonable person would expect a car of that age and mileage to have more wear and tear than a new car. And that it may need repair or maintenance sooner than a newer car would. But this doesn't mean that Moneybarn has no obligations in relation to satisfactory quality as set out in the CRA.

Ms E has raised three separate issues, which I'll address below.

Timing belt

I've carefully considered the expert's report dated 23 July 2024. It states:

- *There was fast cranking of the engine upon trying to start the car from cold;*
- *A diagnostic check showed fault codes relating to the engine's engine control unit;*
- *Freeze-frame data was available for the fault codes;*
- *The expert couldn't see the condition of the timing belt due to the oil filler cap being on the opposite side of the engine;*
- *Further investigation would be required to confirm if the timing belt had snapped;*
- *For this type of car, the recommendation is to replace the timing belt at 120 months or 150,000 miles, whichever is sooner;*
- *The timing belt might have failed prematurely, but further investigation would be required;*
- *It was possible that the car would need a replacement engine;*
- *The car has covered 19,821 miles from the date it was supplied to the date of the inspection; and*
- *The faults wouldn't have been present or developing at the point of supply.*

Moneybarn's position appears to be that Ms E isn't entitled to a remedy under the CRA because the expert found the fault with the car wouldn't have been present or in development at the time of supply. They've pointed out that that Ms E had the car for

over a year and covered over 16,000 miles in it before the fault occurred. I don't dispute this. But I think there's a problem with durability here. I'll explain why.

Moneybarn provided us with a copy of B's job sheet as well as a letter from Ms E's warranty provider. B's job sheet was created when the car was recovered to their garage on 12 June 2024. It provides an estimate of required repairs. For the timing belt, the cost is listed as zero, followed by a comment that the repair was approved by the warranty provider. The letter from the warranty provider is dated 26 June 2024. This sets out that B confirmed the timing belt has snapped and damaged the car's engine and turbo.

The independent expert's report shows that the timing belt should be replaced every 120 months or 150,000 miles, whichever happens first. In this case, the timing belt snapped after less than eight years and around 65,621 miles (based on both B's and the expert's odometer readings). I'm also aware there's widespread evidence elsewhere that premature timing belt failure is a known problem with this particular engine. Overall, I'm inclined to say that the timing belt in the car Moneybarn supplied to Ms E failed prematurely. And this means the car wasn't of satisfactory quality when it was supplied.

Service history

Ms E said the car was sold with a full service history, but she later found out that this wasn't true. In other words, Ms E is alleging the car was misrepresented to her. Moneybarn said they couldn't comment on the dealer's internal processes. But I think section 56 of the CRA means I can consider this element of Miss E's complaint, as it relates to antecedent negotiations.

I've looked up the manufacturer's recommended service schedule. This shows a service is due every two years or after every 18,000 miles, whichever occurs first. Here, the car was first registered in June 2016. The service booklet shows services in July 2017, August 2018, August 2020, July 2021 and May 2023. But the car covered 18,971 miles between the August 2018 and the August 2020 service – and so it should have been serviced sooner in line with the manufacturer's schedule.

Moneybarn provided us with a used car appraisal form, which they obtained from Ms E as part of their investigation. Under service history, it shows 'full'. I've also looked at the online advert for the car. This states the car had a partial service history, with five services undertaken. I can't be sure that Ms E saw this advert. But I don't think I need to go into more detail here. While it's possible that Ms E was misled about the car's service history, she said the effect was that the manufacturer wouldn't now help with repairs. But, as set out above, Moneybarn as the trader under the CRA are responsible for the satisfactory quality of the car. This includes offering a suitable remedy where the car is found not to be of satisfactory quality – and I've explained above why I'm inclined to say the car wasn't of satisfactory quality at the time it was supplied.

Although Moneybarn hasn't raised this, I've considered the impact of the missed service. The expert said it would usually be much longer before the timing belt would need to be replaced. And – as far as I'm aware – the timing belt isn't something that would routinely be considered a service item in a car of this age and mileage. I'm not persuaded that the failure to service the car strictly in line with the manufacturer's recommended schedule caused (or failed to prevent) the timing belt to snap. Instead, my provisional finding is that the timing belt failed prematurely, causing damage to

the engine. And this means that the car wasn't of satisfactory quality when it was supplied to Ms E.

Possible collision

Ms E said the car may have been in a head on collision before she acquired it. She hasn't given any further details or explained what has led to her suspicion. And she's not provided any diagnostics or an investigation report to support what she's said. Moneybarn on the other hand said they carried out a Hire Purchase Investigation (HPI) check on the car. They said there was no record of a total loss accident, but acknowledged the possibility that the car could have been in a less serious accident that was repaired to satisfactory standards. I've not been provided with a copy of the HPI check.

I've thought about this carefully. HPI is a vehicle history check service that provides information about a car's past, including whether it has been stolen or written off. I'd expect it to show if the car Ms E was supplied with had been involved in a total loss accident. As such I think it would be persuasive evidence as to the car's condition. So, if Moneybarn can provide a copy of the HPI report I'm likely to say that the car hasn't been in a total loss accident. That said, such a finding wouldn't impact what I've said about the durability of the car."

Ms E accepted my provisional decision. Moneybarn noted what the expert said about the timing belt and my own comments about the timing belt failure being a known problem with this particular engine. But they said they were unsure how I found the car wasn't of satisfactory quality despite the expert saying the fault wouldn't have been present or developing at the point of supply. Moneybarn reiterated that Ms E had use of the car for over a year and referred back to the points they previously raised.

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, my findings remain the same as those set out above.

Moneybarn hasn't raised any new arguments or provided new evidence for me to consider. But they sought to understand how I reached my findings about whether the car was of satisfactory quality. I'm satisfied that my provisional decision adequately explains this, so I won't go into detail here. In summary, I'm persuaded that the evidence from Ms E's garage shows that the timing belt had snapped. This happened much sooner than it reasonably should have, which is supported by the expert's report, which states that the timing belt shouldn't need replacing before the car is ten years old or had travelled 150,000 miles, whichever happens first. Durability is an aspect of satisfactory quality, and as the timing belt failed prematurely (when it was less than eight years old and had travelled less than 66,000 miles) it follows that the car wasn't of satisfactory quality when it was supplied. As this is the case, I've decided to uphold Ms E's complaint.

The CRA sets out the remedies available to consumers if the goods they were supplied with don't conform to contract. This includes the trader's right to repair. Here, this is no longer possible as Ms E opted to voluntarily terminate the agreement. The car has been returned to Moneybarn, and it has since been sold at auction. So, I think Moneybarn should treat this as a rejection. The starting point is that Moneybarn should end the agreement with nothing further to pay. Ms E paid a deposit of £100, and this should be returned to her.

While there clearly were problems with the car, I can see Ms E was able to drive the car regularly up until it broke down on 12 June 2024 – so I think it's fair for Moneybarn to keep the monthly rentals Ms E paid up to that point. Any payments Ms E made after that date should be returned to her together with interest.

Ms E told us she lives remotely and is reliant on a car to get around, including getting to work. She said her mental health suffered after being unable to pay for the remaining balance despite being unable to get to work. I'm aware that Moneybarn reduced Ms E's outstanding balance by £75 as part of their complaint resolution. However, Ms E won't now have the benefit of this. All things considered Moneybarn should pay Ms E £200 to compensate her for the upset caused.

Putting things right

I direct Moneybarn No.1 Limited trading as Moneybarn to take the following steps:

- end the agreement with nothing further to pay,
- refund all payments Ms E made from 12 June 2024;*,
- refund Ms E's advance payment of £100*,
- pay Ms E £200 compensation for the distress and inconvenience caused, and
- remove any negative information regarding this agreement from Ms E's credit file.

* If Moneybarn considers that they're required by HM Revenue & Customs to deduct income tax from that interest, they should tell Ms E how much they've taken off. They should also give Ms E a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

I uphold Ms E's complaint and direct Moneybarn No.1 Limited trading as Moneybarn to take the steps outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms E to accept or reject my decision before 1 September 2025.

Anja Gill
Ombudsman