DRN-5766254

The complaint

Mr J complains that a car that was supplied to him under a hire purchase agreement with Secure Trust Bank plc, trading as Moneyway, wasn't of satisfactory quality.

What happened

A used car was supplied to Mr J under a hire purchase agreement with Moneyway that he electronically signed in November 2024. The price of the car was £10,999 and Mr J agreed to make 59 monthly payments of £348.30 and a final payment of £358.30 to Moneyway. There were issues with the car and the dealer replaced the car's turbo in February 2024 and arranged for the car to be inspected by an independent expert in March 2025.

Mr J had complained to Moneyway about the issues with the car in January 2025, but it didn't provide a substantive response to his complaint so he complained to this service. Moneyway said in May 2025 that it was accepting Mr J's request to reject the car and was contacting the dealer to make the necessary arrangements for the car to be collected and to proceed with cancelling the hire purchase agreement. It also offered to pay Mr J £500 compensation to recognise the distress and inconvenience that he suffered.

Mr J's complaint was looked at by one of this service's investigators who, having considered everything, recommended that Moneyway should: end the hire purchase agreement; collect the car; pay a refund of rentals for the period since he stopped using the car in February 2025 to cover any loss of use, or impaired use, of the car, with interest; and pay the £500 compensation offered by Moneyway for the distress or inconvenience caused.

Moneyway said that it was willing to settle the complaint in line with the investigator's recommendation but Mr J didn't accept her recommendation. He says that: he should be reimbursed for hire costs that he incurred; he first reported issues with the car in November 2024 and Moneyway has benefitted from his finance payments between November 2024 and February 2025; the car was arranged through a broker that was approved by Moneyway; he's incurred insurance costs and suffered business losses; and this process has impacted his mental health significantly. The investigator said that she wasn't persuaded to change her outcome and Mr J requested that his complaint be escalated for a final decision by an ombudsman.

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.

Moneyway has accepted Mr J's request to reject the car and has agreed to end the hire purchase agreement and collect the car from him so there's no need for me to make a finding as to whether or not the car was of satisfactory quality when it was supplied to Mr J. The outstanding issue is about the compensation that should be paid to Mr J.

Mr J first complained to the dealer about issues with the car in November 2024 but I can't see that he complained to Moneyway about those issues until January 2025. The fire service was called to an incident involving the car on 4 February 2025 and Mr J says that he hasn't used the car since then. The dealer replaced the car's turbo in February 2024 and the car was inspected by an independent expert in March 2025. The inspection report says that the car's mileage was 80,692 miles so the car had been driven for more than 5,000 miles since it was supplied to Mr J in November 2024. The dealer's notes show that Mr J was provided with a courtesy car for seven days in December 2024 when his car was being repaired.

Moneyway has agreed to refund to Mr J the monthly payments made under the hire purchase agreement for the period since the incident with the car in February 2024, and I consider that to be fair and reasonable. I consider that it's fair and reasonable for it to keep the monthly payments for the period from the car being supplied to Mr J until that incident as payment for the use that he's had from the car. I'm not persuaded that it would be fair or reasonable for me to require Moneyway to refund any payments to Mr J for the period before the February 2025 incident.

Mr J says that he began hiring cars from February 2025 when it became impossible to manage without a car and he believes that it's more than reasonable for him to expect reimbursement of the car hire costs. Moneyway has agreed to refund to Mr J the monthly payments that he's made since the incident in February 2025 so, in effect he won't have made any payments to Moneyway since he began hiring cars and the refund of those payments is compensation for him not having use of the car. I don't consider that it would be fair or reasonable for me to require Moneyway to compensate him for not having use of the car and also to reimburse him for the cost of hiring a car. I'm not persuaded that it would be fair or reasonable for me to require Moneyway to reimburse Mr J for the car hire costs that he's incurred.

Mr J says that he understands and accepts that it's unlikely that he'll receive compensation for car insurance or for business losses due to lack of use of the car, but he says that they're real financial losses which he's raised to show the wider impact of this situation. I consider it to be more likely than not that Mr J would have had another car if Moneyway hadn't supplied a car to him and that he'd have paid for insurance for that car. I'm not persuaded that it would be fair or reasonable for me to require Moneyway to reimburse Mr J for any insurance costs that he's incurred. The investigator said that she would happily consider any evidence of business losses if Mr J supplied her with the evidence of those losses, but he hasn't provided any evidence of those losses. As Mr J hasn't provided evidence to show the business losses that he's suffered, it wouldn't be fair or reasonable for me to require Moneyway to pay him any compensation for his business losses.

I appreciate that these events have had a significant impact on Mr J and he's described the affect that they've had on his mental health. Moneyway offered to pay Mr J £500 compensation to recognise the distress and inconvenience that he suffered and the investigator recommended that it should pay that compensation to Mr J. I consider that £500 is fair and reasonable compensation for the distress and inconvenience that Mr J has been caused, and that includes the affect that these events have had on his mental health. I'm not persuaded that a higher award of compensation is justified in these circumstances.

Putting things right

I agree with the investigator's recommendation about the actions that Moneyway should take in response to Mr J's complaint as I find those actions to be fair and reasonable in these circumstances. Moneyway says that it's willing to settle the complaint in line with that recommendation and I'm not persuaded that it would be fair or reasonable for me to require it to take any other action in response to Mr J's complaint.

My final decision

My decision is that I uphold Mr J's complaint and I order Secure Trust Bank plc, trading as Moneyway, to:

1. End the hire purchase agreement and (if it hasn't already done so) arrange for the car to be collected from Mr J – both at no cost to him.

2. Refund to Mr J the monthly payments that he's made under the hire purchase agreement for the period from 4 February 2025.

3. Pay interest on the amounts to be refunded at an annual rate of 8% simple from the date of each payment to the date of settlement.

4. Pay £500 to Mr J to compensate him for the distress and inconvenience that he's been caused.

HM Revenue & Customs requires Moneyway to deduct tax from the interest payment referred to above. Moneyway must give Mr J a certificate showing how much tax it's deducted if he asks it for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 18 September 2025.

Jarrod Hastings
Ombudsman