

The complaint

Ms F complains that the car she acquired through a conditional sale agreement with MONEYBARN NO.1 LIMITED (“Moneybarn”) wasn’t of satisfactory quality.

What happened

Ms F entered a conditional sale agreement in October 2024 to acquire a used car. The cash price of the car was £4,650. The credit agreement was set up over a term of 60 months, with monthly payments of £123.69, and the total amount repayable was £7,297.71. At the time of supply, the car was more than nine years old and had been driven more than 75,000 miles.

The details of this complaint are extensive, but are known to both parties, so I’m only going to summarise the key points here. Ms F told us:

- Shortly after acquiring the car, she used it to go on holiday and covered a distance of around 800 miles, but the car isn’t safe, and she’s not driven it since;
- she’s had three separate inspections done on the car and they confirm the car was supplied in an unsafe and unroadworthy state;
- two of the inspections she had to pay for, and she was then told to give the supplying dealership time to repair the car, but it did not respond to her;
- she was then told to get a quote for repairs from another garage and told she’d be reimbursed, but because she’s not been refunded the costs of earlier inspections, and because she no longer wanted to drive an unsafe car, she didn’t want to go down this route;
- she’s still paying for a car she can’t drive, and it should never have passed its MOT before it was supplied to her;
- the problems with the car include *“The whole rear of the suspension was completely corroded and snapped which would have happened a long time ago not in the time or amount of miles I have done in the vehicle. There is an oil leak on the rocket cover. Problems with the cambelt as seen was also advised would have happened a long time ago for how bad the wear is”*.

Moneybarn upheld this complaint. It noted that by the time it issued its *final response letter* the car had been returned and the credit agreement ended. Moneybarn said that the car should’ve been returned in the same condition as when it was supplied, and it highlighted that the terms and conditions of the agreement state that the car should be MOT’d and insured whilst in Ms F’s care.

Moneybarn noted that Ms F had cancelled the insurance, and at some point after this, the car had been damaged and vandalised, with estimated costs for repair of at least £1,481.5 plus VAT. Moneybarn said Ms F was liable for the costs of these repairs, and that it would retain *“all payments made during the lifetime of the agreement to cover the repairs”*. Moneybarn said there would still be a shortfall of at least £368.04, but that as a gesture of goodwill, it would not pass this balance on to Ms F.

Moneybarn acknowledged that it had taken a long time to resolve this complaint, and it awarded Ms F £350 compensation in recognition of this.

Unhappy with Moneybarn's position, Ms F brought her complaint to this Service.

An Investigator looked at this complaint and said he thought it should be upheld. He explained that he didn't need to decide whether the car was of satisfactory quality at the point of supply as both Ms F and Moneybarn had accepted that it was not. And the parties had agreed that rejection of the car and terminating the credit agreement was the right way to settle this complaint. But he said he thought Moneybarn needed to do more to settle the complaint fairly.

Our Investigator said that Moneybarn's decision to retain Ms F's monthly payments was both fair and reasonable; it covers most of the cost of the car's damage while it was in Ms F's possession. And because she'd chosen to cancel her car insurance in contravention of her agreement terms and conditions, she was responsible for the cost of the damage. And he thought Moneybarn's payment of £350 compensation was appropriate in the circumstances of this complaint.

Our Investigator did note that Ms F had incurred additional costs because she was supplied with a car that was not of satisfactory quality, specifically costs associated with independent inspections and reports to evidence the car's mechanical faults; the cost of two replacement seats due to mould; and a fee for the delivery of the car in the first place. He asked Moneybarn to refund these costs.

Because Ms F did not agree with the Investigator's recommendations, the complaint comes 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.

As the conditional sale agreement entered into by Ms F is a regulated consumer credit agreement this Service is able to consider complaints relating to it. Moneybarn is also the supplier of the goods under this type of agreement, and it is responsible for a complaint about their quality.

When considering what's fair and reasonable, I take into account relevant law and regulations. The Consumer Rights Act 2015 ("CRA") is relevant to this complaint. This says under a contract to supply goods, the supplier – Moneybarn in this case – has a responsibility to make sure the goods were of 'satisfactory quality'.

Satisfactory quality is what a reasonable person would expect – taking into account any relevant factors. The relevant law also says that the quality of the goods includes their general state and condition, and other things like their fitness for purpose, appearance and finish, freedom from minor defects, safety, and durability can be aspects of the quality of the goods. In this case, I would consider relevant factors to include, amongst others, the car's age, price, description and mileage.

The CRA also says that, where a fault is identified within the first six months, it's assumed the fault was present when the car was supplied. But, if the fault is identified after the first six months, then it's for Ms F to prove the fault was present when she first acquired it.

Both parties accepted that the fair way to settle this complaint was to permit Ms F to reject the car. The independent inspection concluded that the car *"has multiple faults and in its current state...must not be driven under any circumstances" ... "I conclude that the faults*

present today were inherent at the time of sale, and therefore this vehicle could not have been considered durable” ... “I also believe the other defects I have found during today’s inspection were also inherent at the point of sale, and this once again is realised because the vehicle has only covered 795 miles since the finance agreement holder took charge of the vehicle”.

Moneybarn acknowledges and accepts the faults experienced by Ms F and accepts her right to reject the car. Because of this, I don’t need to make any findings about whether the car was of satisfactory quality when supplied – all parties seem to accept it was not.

The parties do not agree entirely on the redress that should be paid, so this is the focus of my decision.

I’ve considered very carefully the comments from both parties, and I’ve looked closely at the information and very detailed testimony from Ms F detailing the issues she experienced; the independent inspections she paid for; and the other consequential costs she’s incurred. And, having done so, I’ve reached the same conclusion as our Investigator – I think his recommendations for settling this complaint are fair and reasonable in all the circumstances of it.

Independent inspection cost

I’ve taken into account the extra cost Ms F incurred in arranging the critical diagnostics that proved so crucial in this particular case. And I think it’s only fair that this moderate cost is returned to her. Ms F paid for diagnostics and independent inspections, and this cost her £210.

The complaint turned on that evidence, and without those diagnostics and the independent inspections, I can’t be certain we’d have reached the agreed outcome that we have. So I’m going to direct Moneybarn to pay Ms F the cost of those inspections.

Replacement seats

Ms F told us that a coolant leak caused damp and mould on the car seats, and she had to purchase new seats for her children at a cost of £75. The damaged seats and the resultant cost were directly a result of one of the car’s faults; a result of the car supplied not being of satisfactory quality. So I’m going to require that Moneybarn reimburse Ms F the cost of the new seats.

Delivery charge

At the start of the agreement, Ms F paid the supplying dealership £150 to have the car delivered to her home address. She would never have incurred this cost for this car if the supplying dealership had identified the inherent faults with the car at the outset and it hadn’t been supplied to Ms F. I’ll require Moneybarn to refund Ms F this fee.

Distress and inconvenience

Ms F has explained the frustration, worry and anxiety that this whole episode caused, and how it was exacerbated by the time it has taken to resolve this matter. She says she thinks a greater level of compensation is appropriate. But I don’t agree, and I’m going to ask Moneybarn to pay the £350 compensation it previously offered, if it hasn’t already paid it.

An amount of £350 in compensation recognises the frustration and distress I believe Ms F experienced. This Service doesn’t supervise, regulate or discipline the businesses we cover.

And my role isn't to punish or penalise businesses for their performance or behaviour – that's the role of the Regulator, in this case the Financial Conduct Authority.

The role of this Service is to look at problems and concerns experienced by an individual consumer and determine whether, or not, the financial business – in this case Moneybarn – has done anything wrong. And, if it has, I'll seek to put the consumer back in the position they would've been in if those mistakes hadn't happened.

Taking everything in the round, I'm satisfied that the redress suggested by our Investigator is both fair and reasonable in the circumstances of this complaint, and I'm going to direct Moneybarn to compensate Ms F accordingly.

Putting things right

In addition to the redress already agreed by MONEYBARN NO.1 LIMITED, I'm directing it to compensate Ms F for the costs incurred by her for the independent inspections; the cost of replacement car seats, and the cost of the delivery charge.

My final decision

My final decision is that I uphold this complaint. If it has not already done so, I direct MONEYBARN NO.1 LIMITED to:

- Cancel the agreement with nothing further to pay and provide confirmation to Ms F.
- Collect the car at no cost or inconvenience to Ms F.
- Remove any adverse information from Ms F's credit file in relation to this credit agreement.
- Reimburse Ms F for the full costs of the independent inspections. I understand the cost was £210.
- Reimburse Ms F the £75 cost of the replacement car seats.
- Reimburse Ms F the £150 delivery charge that she paid.
- pay 8% simple interest on all refunded amounts calculated from the date of payment until the date of settlement*.
- Pay £350 compensation to Ms F to address the distress and inconvenience he's suffered in all the circumstances of this complaint.

*HM Revenue & Customs requires MONEYBARN NO.1 LIMITED to take off tax from this interest. MONEYBARN NO.1 LIMITED must give Ms F a certificate showing how much tax has been taken off if she asks for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms F to accept or reject my decision before 24 December 2025.

Andrew Macnamara
Ombudsman