

The complaint

Mr B is unhappy that a car supplied to him under a conditional sale agreement with Moneybarn No.1 Limited was of an unsatisfactory quality. He is also unhappy with the amount he's being asked to pay, now that the car has been handed back.

What happened

In August 2024, Mr B was supplied with a used car through a conditional sale agreement with Moneybarn. The agreement was for £11,495 over 60 months; with monthly payments of £290.40. At the time of supply, the car was around eight years old and had done 82,000 miles (according to the agreement).

Mr B says that, after collecting the car, he started to experience problems with the brakes, the start/stop function, and the reversing camera. He contacted the dealership who arranged for the car to be repaired. Mr B had further problems in December 2024, when the near side door locks failed. This was also repaired at no cost to Mr B.

Mr B says that he stopped using the car in early 2025 due to a medical issue, at which point he was having issues with the car stalling. And, in March 2025, when he started using the car again, there was an issue with the AdBlue system. He was told these repairs wouldn't be covered by the warranty. Unhappy with this, he contacted Moneybarn.

Mr B also made Moneybarn aware that, due to his ill-health, he would have problems maintaining payments. An income and expenditure check confirmed this, and a payment plan of £10 a month was agreed.

Moneybarn offered Mr B the option to raise a complaint about the quality of the car supplied to him, but he chose not to. Instead, he asked about his options for exiting the agreement. Moneybarn explained these to him, and he agreed to a voluntary surrender ('VS'). The car was collected and sold at auction, and Mr B was advised that he still owed £10,137.30.

Mr B didn't think Moneybarn had acted fairly, and he brought his complaint to the Financial Ombudsman Service for investigation.

Our investigator said that Moneybarn had presented the options to Mr B in a clear and understandable way, and that the call recordings showed that he understood these options. So, they didn't think Moneybarn needed to do anything more.

Mr B didn't agree with the investigator's opinion, so this matter has been passed to me to make a final 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.

Having done so, I've reached the same overall conclusions as the investigator, and for broadly the same reasons. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome. Where evidence has been incomplete or contradictory, I've reached my view on the balance of probabilities – what I think is most likely to have happened given the available evidence and wider circumstances.

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 B 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.

Was the car of a satisfactory quality when it was supplied to Mr B?

I've reviewed the evidence in this matter and listened to the relevant call recordings. It's clear that Mr B was unhappy with the quality of the car supplied to him, and on multiple occasions he stated it wasn't fit for purpose under the Sale of Goods Act. Moneybarn asked him, on multiple occasions, if he wanted to raise a complaint about this, explaining the first step in the process would be to complain to the supplying dealership – once the dealership was aware, Moneybarn could start to consider the matter.

While Mr B eventually raised a complaint with the dealership on 25 April 2025, when he spoke to Moneybarn the following day he told them he didn't want to raise this complaint, and he wanted to hand back (VS) the car instead.

Our rules don't allow us to consider a complaint unless a financial business has had the opportunity to investigate and respond to this first. Mr B declined to raise a complaint with Moneybarn, so they haven't had the opportunity to investigate this. What's more, as the car has now been sold at auction, it would not be possible to investigate this matter – the car isn't available for independent inspection to confirm (or otherwise) if the issues Mr B experienced in 2025 were present or developing at the point of supply, or if they were as a result of the car being insufficiently durable.

As such, I'm not able to consider the quality of the car as part of my decision.

Did Moneybarn act fairly when providing Mr B with his termination options

I've reviewed Moneybarn's case notes, which show that Mr B first discussed ending the agreement on 23 April 2025. Moneybarn sent him a letter the same day, explaining his options – they advised he could voluntarily terminate ('VT') the agreement, and he would need to pay 50% of the total amount payable under the agreement, or he could VS, where he would have to pay the amount outstanding less the achieved sale value. They also provided estimates of how much Mr B would likely need to pay – £6,384 to VT or £9,123.90 to VS.

I've listened to the call that took place on 25 April 2025, when Mr B explained about the problems with the car, and was insistent that he wanted to hand it back. Moneybarn went through the termination options in depth with him again, as well as discussing part-exchange and Mr B raising a complaint about the quality of the car. Mr B said he would speak to the dealership and let Moneybarn know.

I've also listened to the call that took place on 26 April 2025, when Mr B explained he'd spoken to the dealership and said he wanted to go ahead with VS. Moneybarn again confirmed what would happen, and that the estimated amount Mr B would need to pay, once the car was sold, would be £9,123.90 – the amount to settle the agreement was £14,950.80

and the sale price (estimated to be £5,826.90) would be deducted from that figure. However, they explained that they wouldn't know the actual final balance payable until the car had been collected and sold.

Moneybarn also explained that, with either the VT or VS option, any shortfall could be repaid by an affordable and sustainable payment plan. After this was explained to Mr B, he again said that he wanted to VS. While Moneybarn explained they couldn't advise Mr B what option to take, they confirmed his understanding and that he wanted to VS (as opposed to VT) on multiple occasions. Mr B confirmed that he did, and the VS was processed.

Based on this, I'm satisfied that Mr B was fully aware of his options and what he would likely owe Moneybarn once the car had been returned. The car was collected but didn't make what Moneybarn estimated at auction – Mr B also believed the car would sell for substantially more than the amount Moneybarn had estimated. The result of this was that Mr B owed Moneybarn £10,137.30.

Moneybarn aren't responsible for what the car sold for at auction, and they clearly made Mr B aware that the £9,123.90 was an estimated figure, and that the final figure wouldn't be known until the sale was completed. Given this, and while I appreciate it will come as a disappointment to Mr B, I'm satisfied that Moneybarn have acted fairly when dealing with the termination of Mr B's account, and I won't be asking them to do anything more.

My final decision

For the reasons explained, I don't uphold Mr B's complaint about Moneybarn No.1 Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 10 March 2026.

Andrew Burford
Ombudsman