

## **The complaint**

Miss H complains that a car she acquired under a finance agreement with MONEYBARN NO.1 LIMITED ('Moneybarn') wasn't of satisfactory quality.

## **What happened**

The parties are familiar with the background details of this complaint – so I will briefly summarise them here. It reflects my role resolving disputes with minimal formality.

Miss H acquired a car under a conditional sale agreement in December 2024; the car was around 10 years old and had covered about 74,000 miles. It had a cash price of £6,300 and Miss H made an advance payment of £500.

Soon after acquiring the car, she began experiencing problems. Amongst other things the car was emitting smoke, along with an unusual smell, the timing belt and water pump needed replacement, and the vehicle required frequent oil filling. Despite attempts to repair some of the issues the problems remained.

In May 2025 Miss H complained, Moneybarn looked into matters and issued its final response in July 2025. In summary it upheld Miss H's complaint, to put things right it agreed to support rejection. It said due to the mileage covered and to cover any depreciation of the value of the vehicle a total of £842.00 would be retained, part of which would be made up of Miss H's deposit. It also offered to pay £200 in compensation to recognise the distress and inconvenience caused.

Our investigator looked into things; she upheld the complaint, she said Moneybarn acted unfairly in applying the mileage charge as Miss H had paid monthly contributions and so had paid for her use of the vehicle. Amongst other things she recommended it refund the deposit contribution and refund monthly repayments for the time Miss H was unable to use the car.

She considered whether it was fair that Miss H was reimbursed for insurance costs but didn't think it was fair given the redress she recommended.

Miss H agreed with the outcome, but Moneybarn disagreed. In short, it said it was standard industry practice to charge 0.25p per mile for fair use and if it were to accept our Investigators recommendations Miss H wouldn't have paid to cover the usage of the vehicle.

As an agreement couldn't be reached the complaint has been passed 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.

Having done so, I've reached the same overall conclusions as our Investigator and for broadly the same reasons.

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 good industry practice at the time.

The conditional sale agreement entered into by Miss H is a regulated consumer credit agreement and this Service is able to consider complaints relating to it. Moneybarn is also the supplier of the goods under this type of agreement and responsible for a complaint about its quality.

The Consumer Rights Act 2015 (CRA) covers agreements like the one Miss H entered. Because Moneybarn supplied the car under a conditional sale agreement, there's an implied term that it is of satisfactory quality at the point of supply. Cars are of satisfactory quality if they are of a standard that a reasonable person would find acceptable, taking into account factors such as the age and mileage of the car and the price paid.

In this case, Moneybarn has accepted that the car was of unsatisfactory quality – and the agreement has already been unwound. So, I won't comment on this further, my decision instead will focus on what should be done to put things right for Miss H.

When a car is rejected, it's generally the case that the deposit and all or some of the monthly payments are refunded, depending on whether the consumer has been able to use the car. If the consumer has been able to use the car, then a deduction for usage is normally made. If a courtesy car is provided, this is also taken into account when looking at whether a refund of monthly payments should be made.

In this case Moneybarn has already unwound the agreement and paid £200 for the distress and inconvenience caused. Miss H said she suffered further financial loss; she wanted a refund for the insurance premiums paid whilst she wasn't using the car. I won't be recommending Moneybarn refund these premiums because under the terms of the agreement Miss H was responsible to insure the vehicle until it was returned to Moneybarn. Further, similarly to our Investigator, I wouldn't recommend a refund of both monthly payments and insurance premiums.

Miss H has asked for a refund for the removal of her private registration. I think Moneybarn should reimburse this cost as it supplied a car that was of unsatisfactory quality and had this not been the case it's likely Miss H wouldn't have needed to remove the plate.

Now turning to what I think is the crux of this complaint. The CRA says a deduction can be made from the refund to take account of the use the consumer has had of the goods in the period since they were delivered. It doesn't set out how to calculate fair usage and there's no exact formula for me to use. In my view, Moneybarn should refund the deposit paid by Miss H in full. Moneybarn should, by now, be fully aware of our established approach to refunding deposits when a vehicle has been rejected.

Miss H made her monthly payments in full, but said she stopped using the car from around 19 May 2025, which I find plausible. Moneybarn can't reasonably charge Miss H both monthly repayments and an additional mileage charge. The monthly repayments already account for her use of the vehicle during the period leading up to it becoming unusable. To impose a further mileage charge on top of this would amount to double charging for the same usage. And so, I'm afraid I don't agree that applying a mileage charge under these circumstances would be fair.

Moneybarn has already paid £200 for the distress and inconvenience suffered. I believe an award of £200 is broadly appropriate and in line with what I would have recommended had no recommendation been made. In my view this amount reflects fair compensation for the distress and inconvenience suffered by Miss H as a result of being supplied with a car of

unsatisfactory quality.

### **Putting things right**

I now require Moneybarn to put things right and:

- End the agreement and collect the car at no further cost to Miss H by way of monthly repayments.
- Refund Miss H's deposit contribution (if any part of this deposit is made up of funds paid through a dealer contribution, Moneybarn is entitled to retain that proportion of the deposit).
- Reimburse monthly repayments made from 19 May 2025 to the date of settlement.
- Upon proof of payment, reimburse Miss H the amount paid for the removal of her private registration.
- Pay 8% simple yearly interest on all refunded amounts from the date of payment until the date of settlement. \*
- Pay £200 in compensation for the distress and inconvenience caused (if not already paid).
- Remove any adverse information about this agreement from Miss H's credit file.

\* If Moneybarn considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Miss H how much it's taken off. It should also give Miss H a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

### **My final decision**

My final decision is that I uphold this complaint and direct MONEYBARN NO.1 LIMITED to put things right as detailed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 30 March 2026.

Rajvinder Pnaiser  
**Ombudsman**