

The complaint

Miss W complains that a car acquired under a conditional sale agreement with Moneybarn No.1 Limited (“Moneybarn”) wasn’t of satisfactory quality when it was supplied to her.

What happened

Both parties are familiar with the background of this complaint so I will only summarise what happened briefly here.

In April 2025, Miss W acquired a used car from a dealership (P). She used a credit broker to source the finance provider for her. She part-exchanged her previous car, using £7,995 as a deposit for the new agreement. The remaining purchase balance was provided under a conditional sale agreement with Moneybarn. The car was nine years old and had covered approximately 67,000 miles when the agreement started. The agreement was for 48 months, with monthly repayments of £124.59. The cash price of the car was £11,995.

Miss W noticed a problem with the car as soon as she collected it. She said the car wasn’t reaching the correct operating temperature and she got in touch with P immediately. P arranged for the car to be looked at the following day, and no faults were found. However, Miss W noticed the problem again the same evening.

She booked an appointment with a local garage for a week’s time, and asked P to help with any repair costs. P weren’t willing to help – they insisted Miss W should use the warranty she’d been provided with, but she didn’t want to do that as it required her to confirm the car had no pre-existing faults, and she didn’t believe that to be true. P then offered to take the car back, but Miss W wanted it repaired rather than rejected.

She kept her appointment at the local garage, and the diagnostic assessment identified a number of faults with the car, including, but not limited to:

- part of the internal components of the diesel particulate filter (DPF) was missing.
- the thermostat was stuck open.
- there were cleared faults codes stored.

The garage suggested the car wouldn’t have passed an MOT. Because of this Miss W got in touch with P again, but the relationship broke down, and P weren’t willing to do anything further.

Miss W got in touch with Moneybarn. She continued to ask for the car to be repaired, although she did also ask for the finance agreement to be cancelled. Moneybarn said that rejection of the car was the most suitable option, as the proposed repair costs of approximately £5,800 made it uneconomical to authorise repair. They also said they would refund Miss W’s deposit from her part-exchange and offered her £100 compensation.

Miss W didn’t accept Moneybarn’s offer and brought her complaint to our service. While our investigator was looking into it, Moneybarn increased their compensation offer to £300, but maintained that their proposed settlement of taking the car back and ending the agreement

was still the most appropriate way to resolve the complaint. Our investigator agreed that Moneybarn's revised proposal, including the increased compensation, was fair in the circumstances of the complaint.

Miss W didn't agree. She said P had acted dishonestly and fraudulently and shouldn't be allowed to get away with it. She felt the only one losing out was her, and she continued to ask for the repairs to be authorised and for the agreement to be cancelled.

As Miss W didn't accept, 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.

When considering what is fair and reasonable, I'm required to take into account: relevant law and regulations, relevant regulatory rules, guidance and standards and codes of practice.

Both parties have provided a lot of information in this case. I'd like to reassure them both that I've read and considered everything that's been sent. But, I will be focussing my comments on what I think is relevant. If I don't comment on a specific point, it isn't because I haven't considered it, but because I don't think I need to comment in order to reach what I think is the right outcome. This is not intended as a discourtesy but reflects the informal nature of this service in resolving disputes.

Miss W has made a lot of reference to P in her submissions to our service. She has made her arguments passionately throughout her correspondence with our service. And I empathise with her situation with them and am aware she's also raised concerns about P to other organisations. But I think I need to start my decision by explaining what I am looking at, and who I am considering this complaint against. I'm only looking at Moneybarn's responsibility here as the finance provider of the car.

Miss W was introduced to Moneybarn by the credit broker, as explained on the agreement, so Moneybarn also have responsibility for anything the credit broker said or did pre-sale, as they were acting as agents of Moneybarn at the time – but they don't have any responsibility for anything P have said or done pre-or post-sale. P haven't been acting as agents of Moneybarn at any point, and I can't consider their actions. Miss W has suggested that fraudulent activity and misrepresentation has been dismissed by our investigator. But it isn't in our service's power to investigate P's actions in this case, for the reasons already mentioned. That isn't to say something hasn't gone wrong with her dealings with P – just that I'm not making a decision on those aspects.

As the conditional sale agreement entered by Miss W is a regulated consumer credit agreement this service is able to consider complaints relating to it. Moneybarn are also the supplier of the goods under this type of agreement and are responsible for a complaint about their quality.

The Consumer Rights Act 2015 ("CRA") covers agreements like the one Miss W 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 a satisfactory quality if they are of a standard that a reasonable person would find acceptable, taking into account factors such as, amongst other things, the age and mileage of the car and the price paid.

The CRA also says that the quality of goods includes their general state and condition, and other things like their fitness for purpose, appearance and finish, freedom from minor defects and safety can be aspects of the quality of the goods.

Satisfactory quality also covers durability. For cars, this means the components must last a reasonable amount of time. Of course, durability will depend on various factors. In Miss W's case, the car was used and had covered approximately 67,000 miles when she acquired it. So, I'd have different expectations of it compared to a brand-new car. Having said that, the car's condition should have met the standard a reasonable person would consider satisfactory, given its age, mileage, and price.

In this case, there is no doubt that the car supplied under the agreement wasn't of satisfactory quality. Both parties have accepted that. Moneybarn have made an offer to settle the complaint, which Miss W has rejected. So, all I need to decide is whether I think the offer proposed by Moneybarn is reasonable in the circumstances. And in this case, I agree that the offer made by Moneybarn is reasonable. I'll explain why.

Miss W has explained that she'd like the car repaired back to the standard it should have been in at the point of supply, and she'd also like the agreement to be cancelled. She believes the CRA supports that, as opposed to Moneybarn's offer to allow her to reject the car and end the agreement. The CRA does explain that an opportunity to repair is an option in this scenario, however it also explains that an opportunity to repair doesn't need to be given if it's disproportionate.

Here, Miss W has supplied a repair estimate of approximately £5,800 to Moneybarn, which they have deemed to be disproportionate compared to allowing for the car to be rejected. I'm satisfied that's reasonable for Moneybarn to say – the cash price of the car was £11,995 and the estimated repair costs are approximately 50% of that cash price. And there is the real possibility that, given the nature of the faults and that Miss W has continued to use the car, any repair attempt will prove to be unsuccessful, or further faults could be identified. As the car is Moneybarn's asset under this type of agreement, I'm satisfied it's reasonable for them to take the most appropriate action in light of all the circumstances. And in this case, allowing Miss W to reject the car and to take it back is, I'm persuaded, the most reasonable thing for Moneybarn to do. Moneybarn should arrange to take the car back at no cost to Miss W, and they should end the agreement ensuring Miss W isn't liable for any further monthly repayments - although I'm aware that Miss W hadn't made any payments at the time Moneybarn made their offer to settle the complaint.

Moneybarn have agreed to reimburse Miss W's deposit of £7,995 – which she obtained as part of a part-exchange of her previous car. And they've offered to refund Miss W's cost for arranging the diagnostic assessment in April 2025. Both of these proposed settlements are reasonable.

Miss W has explained in some detail the impact on her and her day-to-day life having a car with such serious faults has had on her – not just a physical impact, but mentally too. I think Miss W has suffered more here than the usual problems you might expect in everyday life. No amount of money can change what's happened. But the compensation Moneybarn have proposed is in line with what our service awards where the impact of the mistake has caused considerable distress, upset or worry – and/or significant inconvenience that needs a lot of extra effort to sort out. I'm satisfied Moneybarn's offer of £300 to reflect the distress caused to Miss W by being supplied with a car of unsatisfactory quality is reasonable.

I know it's been a difficult time for Miss W, but I hope this decision goes some way in allowing her to move forward. I'd also like to remind her that she's able to reject this decision

if she thinks she can achieve a better outcome by alternative means, such as through the courts.

My final decision

Moneybarn No.1 Limited have already made an offer to settle the complaint and I think this offer is fair in the circumstances.

So, my decision is that Moneybarn No.1 Limited must:

- End the agreement ensuring Miss W is not liable for monthly repayments after the point of collection (they should refund Miss W any overpayment for these if applicable).
- Take the car back (if that has not been done already) without charging Miss W for collection.
- Refund Miss W's deposit payment of £7,995.
- Refund Miss W £124 for the cost of the diagnostic assessment she paid for.
- Pay 8% simple interest on all refunded amounts, from the date of payment until the date of settlement.*
- Pay Miss W £300 compensation to reflect the upset she was caused being supplied with a car of unsatisfactory quality.
- Remove all adverse information, in relation to this agreement, from Miss W's credit file (if applicable).

*If Moneybarn No.1 Limited consider that they're required by HM Revenue & Customs to deduct income tax from that interest, they should tell Miss W how much they've taken off. They should also give Miss W a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 31 December 2025.

Kevin Parmenter
Ombudsman