

The complaint

Ms K complains about the quality of a car she was financing through an agreement with MONEYBARN NO.1 LIMITED trading as Moneybarn.

What happened

I issued my provisional decision on this complaint in November 2025, and I amended the redress I was expecting to order in December 2025. An extract from that provisional decision and the subsequent amendment is set out below.

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Ms K took receipt of a used car in November 2024. She financed the deal through a conditional sale agreement with Moneybarn. The car had at that point completed 68,700 miles and was about ten years old.

Ms K had problems with the car. It broke down on the 8th and 20th December 2024 and needed to be recovered. On 18 December 2024 Ms K took it to a specialist workshop who ran a diagnostic on it. That diagnostic revealed several fault codes, and the workshop told her the car would need a new clutch and gearbox. Ms K asked to reject the car within the first 30 days of ownership. On 7 January 2025 the car was returned to the dealer but having inspected the car they said there was nothing wrong with it. An independent inspection was organised and the engineer confirmed he could find no fault with the transmission and the car was running as expected save for a tyre pressure monitor warning light.

Moneybarn didn't think there was anything wrong with the car and when Ms K referred her complaint to this service, neither did our investigator.

As Ms K didn't agree with our investigator's view the complaint has been referred to me, an ombudsman, to make a decision.

What I've provisionally 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.

I don't currently agree with the investigator's view of this complaint and I think Ms K should have been allowed to reject the vehicle. I'll explain why.

Where the information I've got is incomplete, unclear, or contradictory, as some of it is here, I have to base my decision on the balance of probabilities.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point, it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach

what I think is the right outcome.

Ms K acquired her car under a regulated consumer credit agreement. This means our service is able to consider complaints about it. Under the Consumer Rights Act (2015), the car must have been of satisfactory quality when supplied. Given the car was ten years old and had already covered nearly 69,000 miles, a reasonable person would expect signs of wear and tear. The legislation requires us to assess whether the car's condition at the time of supply met reasonable expectations for a vehicle of that age, mileage, and price. If the car wasn't of satisfactory quality Moneybarn who are also the supplier of the car, are responsible.

Under the Consumer Rights Act 2015, consumers have a short-term right to reject goods that do not conform to the contract. This right lasts for 30 days from the date of delivery or collection and allows the consumer to reject the goods and claim a full refund without giving the trader an opportunity to repair or replace them first.

Ms K asked the dealer to allow her to reject the car in a WhatsApp message she sent on 20 December 2024. That was within 30 days. So if there were faults with the car at that point, that I was persuaded were likely to have been present or developing when the car was supplied to Ms K, the business wouldn't have a right to repair the car unless Ms K approved that repair.

Ms K returned the car to the dealership on 7 January 2025 but by the time it was independently inspected on 16 January 2025 there were no faults with the transmission. Ms K says it must have been fixed by the dealership in the interim and without her approval. Moneybarn's position is that there was never a fault. I have to decide what was more likely.

I'm persuaded that it's more likely than not that the car did have a fault within the first 30 days and that Moneybarn should therefore have allowed Ms K to reject it when she asked. I say that because:

- The diagnostic report completed on 18 December 2024 lists several fault codes. Of particular interest is the 'Starter Disable Circuit Low' fault that research suggests is associated with clutch problems and can cause the sort of issues Ms K had when she previously and subsequently broke down and had to have the car recovered. A note on that diagnostic report, presumably written by the technician says 'Recon box £3,600' and would support Ms K's suggestion there was a fault with the clutch and gearbox.*
- I don't think a reasonable person would expect to need a new gearbox and clutch on a car they'd only been in receipt of for three weeks. I think that would suggest the fault was present or developing when the car was supplied and that it would be a reason to reject the car.*
- I don't think it's likely that a fault of that nature would simply vanish without intervention. I think it's unlikely that Ms K would have had the fault fixed as it was that cost she was complaining about. I've not been provided with a satisfactory explanation as to how the fault or the fault codes could have disappeared. It seems to me more likely than not that it was fixed by the dealer without Ms K's approval.*
- I'm strengthened in that view because I can see the independent inspector noted there was 'evidence of previous transmission repairs...' when he inspected the car. It's not impossible, of course that a car of that age and mileage would have had such repairs before but given the history that's been described I think it adds weight to the view that the repairs were carried out after the car was returned to the dealer and*

before the independent inspection.

- *The dealership had the car for nine days before it was inspected and that seems a reasonable time within which a repair could have been completed.*

So I think it's likely there was a fault with this car when it was supplied to Ms K and that the car wasn't of satisfactory quality. As Ms K asked to reject the car within the first 30 days I think she should have been allowed to do so.

Putting things right

But for Moneybarn's refusal to accept the rejection, Ms K would have exercised the right to reject and have ended the agreement on 20 December 2024. In those circumstances I would have expected Moneybarn to have taken the car back, ended the finance agreement and refunded any deposit or part exchange value along with some of the money Ms K had paid in instalments, in respect of the loss of use she had from the car. Ms K had travelled about 1,500 miles in the car, so she had reasonable use of it, but that use had been impaired by the faults she'd had; she's explained that there was constant shuddering when gears were changed. I think a reasonable refund of finance instalments would have been the equivalent of one week's rental.

As Moneybarn didn't approve rejection Ms K has been left in a worse position than she should have been. Moneybarn should now put her back in the position she would have been in if the rejection had been accepted.

Ms K has experienced significant distress and inconvenience here. She's had to have the car recovered on a couple of occasions, has had to have a diagnostic completed and has had to refer her complaint to this service when I think inadequate investigations were conducted by Moneybarn. I've also read about the difficulties she had getting her four children, some of whom require additional support, to school. It seems likely that she hasn't been told the truth here and although I accept that is likely to have been by the dealer, I think she could have expected better support from Moneybarn – in particular I think they should have challenged why the fault Ms K complained of could have disappeared without intervention. Ms K has also been referred to a debt collection company and has clearly struggled to meet the payments Moneybarn expected of her. The distress and inconvenience caused has been over almost a year. In the circumstances, I think Moneybarn should pay Ms K £900 in compensation.

To do that, Moneybarn should:

1. *Treat the agreement as if it ended on 20 December 2024. Ms K should be regarded as having no outstanding liability under the agreement from that date onwards.*
2. *Refund the deposit Ms K paid.*
3. *Refund one week's pro-rata finance instalment to reflect the loss of use Ms K experienced.*
4. *Refund all additional payments Ms K has made since 20 December 2024 which she would not have made if the rejection had been accepted. This includes any instalments, charges or sums connected with the Voluntary Termination.*
5. *Reverse the financial consequences of the Voluntary Termination. Cancel any Voluntary Termination related charges or shortfalls and recall any debt that has been passed to a debt collector.*
6. *Remove any adverse information they may have reported to Ms K's credit file in relation to arrears, default, or debt collection activity. The record should be amended to show the agreement closed on 20 December 2024.*
7. *Refund the cost of the diagnostic Ms K had completed on provision of proof of*

- payment.
8. Pay Ms K £900 to compensate her for the distress and inconvenience caused.
 9. Add 8% simple interest* per year calculated from 20 December 2024 until the date the refund is paid.

**If HM Revenue & Customs requires the business to take off tax from this interest, they must give the consumer a certificate showing how much tax it's taken off if the consumer asks for one.*

My provisional decision

I'm expecting to tell MONEYBARN NO.1 LIMITED to put things right in the way I've set out above.

The subsequent amendment

In my provisional decision I explained that I was expecting to tell Moneybarn to refund all payments from 20 December 2024 and that they should refund 1 week pro-rata rental for the period from inception of the deal (27 November 2024) until the point Ms K asked to reject the car. Moneybarn have explained that the first payment wasn't made (or due) until 21 December 2024. I hadn't realised that was the case and it means the redress I was proposing needs amending a little. I'm now expecting to order the following redress unless the parties have anything to add or want me to consider in the next 7 days.

1. *Treat the agreement as if it ended on 20 December 2024. Ms K should be regarded as having no outstanding liability under the agreement from that date onwards.*
2. *Refund the deposit Ms K paid.*
3. *Ms K had the car for 23 days before she asked to reject it. Moneybarn can retain a pro-rata amount equivalent to 16 days of that period in respect of the use Ms K had from the car. They can deduct that from the refund due in 4. (below).*
4. *Refund all additional payments Ms K has made since 20 December 2024 which she would not have made if the rejection had been accepted. This includes any instalments, charges or sums connected with the Voluntary Termination.*
5. *Reverse the financial consequences of the Voluntary Termination. Cancel any Voluntary Termination related charges or shortfalls and recall any debt that has been passed to a debt collector.*
6. *Remove any adverse information they may have reported to Ms K's credit file in relation to arrears, default, or debt collection activity. The record should be amended to show the agreement closed on 20 December 2024.*
7. *Refund the cost of the diagnostic Ms K had completed on provision of proof of payment.*
8. *Pay Ms K £900 to compensate her for the distress and inconvenience caused.*
9. *Add 8% simple interest* per year calculated from 20 December 2024 until the date the refund is paid.*

**If HM Revenue & Customs requires the business to take off tax from this interest, they must give the consumer a certificate showing how much tax it's taken off if the consumer asks for one.*

The parties' responses

Moneybarn accepted my amended provisional decision and so did Ms K although she asked for a final decision to be made. Ms K also provided copies of bank statements that showed payments leaving her account on 23 December 2024 and in January 20256 confirming

Moneybarn's position that the first payment wasn't made until December 2024.

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.

I've not been provided with any additional information that would lead me to change my amended provisional decision. That now becomes my final decision on this complaint.

My final decision

For the reasons I've given above, I uphold this complaint and tell MONEYBARN NO.1 LIMITED to:

1. Treat the agreement as if it ended on 20 December 2024. Ms K should be regarded as having no outstanding liability under the agreement from that date onwards.
2. Refund the deposit Ms K paid.
3. Ms K had the car for 23 days before she asked to reject it. Moneybarn can retain a pro-rata amount equivalent to 16 days of that period in respect of the use Ms K had from the car. They can deduct that from the refund due in 4. (below).
4. Refund all additional payments Ms K has made since 20 December 2024 which she would not have made if the rejection had been accepted. This includes any instalments, charges or sums connected with the Voluntary Termination.
5. Reverse the financial consequences of the Voluntary Termination. Cancel any Voluntary Termination related charges or shortfalls and recall any debt that has been passed to a debt collector.
6. Remove any adverse information they may have reported to Ms K's credit file in relation to arrears, default, or debt collection activity. The record should be amended to show the agreement closed on 20 December 2024.
7. Refund the cost of the diagnostic Ms K had completed on provision of proof of payment.
8. Pay Ms K £900 to compensate her for the distress and inconvenience caused.
9. Add 8% simple interest* per year calculated from 20 December 2024 until the date the refund is paid.

*If HM Revenue & Customs requires the business to take off tax from this interest, they must give the consumer a certificate showing how much tax it's taken off if the consumer asks for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms K to accept or reject my decision before 9 February 2026.

Phillip McMahon
Ombudsman