

The complaint

Mr B complains about the amount that he's been charged by Moneybarn No. 1 Limited for a car that he returned when he voluntarily terminated a conditional sale agreement.

What happened

I issued a provisional decision on this complaint in September 2025 in which I described what had happened as follows:

"A used car was supplied to Mr B under a conditional sale agreement with Moneybarn that he electronically signed in January 2022. The price of the car was £7,495 and the total amount payable under the conditional sale agreement was £12,558.69. The agreement was voluntarily terminated by Mr B in December 2023 and Moneybarn wrote to him and said: "Once we have collected and inspected the vehicle a pre-billing letter [will be sent] to advise of any possible extra costs you may have incurred".

The car was collected from Mr B later that month by a third party acting on behalf of Moneybarn and it was then inspected. The inspection report identified issues with the car including an incomplete service history, a broken engine, a dented bonnet and right front wing, a scratched front bumper, a scuffed wheel, a chipped rear bumper and unsatisfactory repairs to the right rear quarter panel and right front door.

Moneybarn wrote to Mr B in March 2024 and said:

"... some repair work is needed to get the vehicle up to the fair wear and tear standard. The estimated costs of this repair work are as follows: Diagnostics - £50.00. Bodywork Repairs - £824.90 Mechanical Repairs - £1 500.00 ... Rather than complete those repairs and add those costs to the amount you owe us at this point, we believe the best course of action is to now sell the vehicle at auction in its present condition. This way, we have a chance of achieving a better outcome for you as it may mean we can reduce the final amount you owe us. It means we will only charge your account with the lesser of either: a) the difference between the reduced amount we expect to sell the vehicle for because of its condition, and its normal market value. or b) the cost of repairs needed to meet the fair wear and tear standard".

Mr B complained to Moneybarn about that letter but it looks to me as though the complaint wasn't received by Moneybarn. The car was sold at auction for £950 and Moneybarn received sale proceeds of £849.20. It sent Mr B an invoice for the loss in value of the car of £1,869.48.

Mr B complained to this service in July 2024 and details of the complaint were then provided to Moneybarn. It responded to Mr B's complaint in November 2024 but didn't uphold it as it didn't agree that it had acted unfairly. Mr B's complaint was then looked at by one of this service's investigators who, having considered everything, didn't think that Moneybarn had acted fairly. He recommended that Moneybarn

should reduce the charge for the loss in value to £500.

Moneybarn didn't accept the investigator's recommendation and has asked for this complaint to be reviewed by an ombudsman. It says that the responsible course of action was to sell the car in its current condition and mitigate the liability for Mr B as the loss in value was £1,869.48 and the estimated repair cost was £2,374.90. It says that to use the valuation was the most appropriate manner to assess potential loss in value and it's an industry standard approach. It says that the £1,869.48 was based on market forces and wasn't the result of a determination from Moneybarn".

Provisional decision

I set out my provisional findings in my provisional decision. I said:

"Mr B voluntarily terminated the conditional sale agreement in December 2023 and the car was collected from him and inspected. The inspection report identified damage to the car and charges of £824.90 for bodywork repairs and £1,500 for mechanical repairs were recommended to Moneybarn. The inspection report says that car was a non-runner with a discharged battery and a broken engine. Moneybarn says that the quoted cost of repair was based on codes being found for a camshaft/crankshaft timing issue. It says that the quoted cost for the repair was a minimum of £1,500 and to get a full repair quote would require transporting the car to a garage (which usually costs £100 each way).

Mr B accepts that there was some damage to the car but he says that the engine only needed a new water pump bolt and there was much less damage to the car's bodywork than had been identified in the inspection report. He's provided some photos of the car but I'm not persuaded that he's provided enough evidence to show that the only required mechanical repair was a new water pump bolt.

Moneybarn wrote to Mr B in March 2024 and said: "Rather than complete those repairs and add those costs to the amount you owe us at this point, we believe the best course of action is to now sell the vehicle at auction in its present condition". The car was then sold at auction for £950 and Moneybarn received sale proceeds of £849.20. It sent Mr B an invoice for the loss in value of the car of £1,869.48.

Moneybarn has provided a valuation report from March 2024 for the car which shows values of the car based on its condition of: below £2,325, average £2,850 and clean £3,375. Moneybarn says that average values are generated if the car is sold privately and most cars are processed with the upper value of the "below" value due to being sold at trade prices. The investigator asked Moneybarn to explain how it calculated a loss in value of £1,869.48 and it said that it multiplied the clean value of £3,375 by 83.54% (a three monthly rolling average) to get an expected sale price of £2,819.48 from which the actual sale price of £950 was deducted.

The conditional sale agreement says: "You can terminate this Agreement as described in the statutory notice Termination: Your Rights set out on the second page of this Agreement, upon which the following will apply: ... You must pay the cost of repairs required to bring the goods to a reasonable condition and working order to reflect the condition the goods would have been in had you taken reasonable care of the goods. At our discretion we may decide that repairs are not to be undertaken. In this case you must pay the reasonable costs which equate to the loss in value of the vehicle caused by the goods not being returned in a reasonable condition".

On the basis of the information that Moneybarn received about the condition of the car and the repair costs, I consider that it was fair and reasonable for it to sell the car at auction and to charge Mr B for its loss in value. I don't consider that Moneybarn has provided clear and consistent evidence to explain its calculation of the loss in value. I consider that it would be fair and reasonable in these circumstances for it to base the value of the car on the midpoint between the below and average values that were contained in the evidence that it provided. That's a value of £2,587.50, from which the sale price of £950 should be deducted, so the loss in value would be £1,637.50 and not the £1,869.48 that it's charged Mr B.

The car was collected from Mr B in December 2023 but Moneybarn didn't write to Mr B about the required repair work until March 2024, more than three months later. I consider that Moneybarn should have written to Mr B about the repairs sooner than it did. Receiving a letter about unexpected repair costs of £2,374.90 more than three months after the car was collected from him is likely to have caused Mr B some distress and inconvenience. I consider it to be more likely than not that the outcome would have been the same had Moneybarn written to Mr B sooner than it did, but I consider that it would be fair and reasonable for Moneybarn to pay £100 to Mr B to compensate him for the distress and inconvenience that he was caused.

Mr B complained to Moneybarn about the letter that he received in March 2024 but it looks to me as though the complaint wasn't received by Moneybarn. Mr B then complained to this service, details of the complaint were then provided to Moneybarn and it responded to Mr B's complaint in November 2024.

I find that it would be fair and reasonable in these circumstances for Moneybarn to reduce the charge that it's made to Mr B for the loss in value of the car from £1,869.48 to £1,637.50 and to also pay him £100 to compensate him for the distress and inconvenience that he was caused. I'm not persuaded that it would be fair or reasonable for me to require Moneybarn to take any other action in response to Mr B's complaint".

Subject to any further comments or evidence that I received from Mr B and Moneybarn, my provisional decision was that I intended to uphold this complaint in part.

Second provisional decision

Following further comments from Moneybarn and Mr B, I issued a second provisional decision on this complaint last month. I said:

"Mr B has made detailed comments about the codes that Moneybarn says were found for a camshaft/crankshaft timing issue, so I've asked it to provide some evidence about those codes. It has provided a copy of the inspection report but hasn't provided any evidence to show that there was a fault code for a camshaft/crankshaft timing issue. There's no reference in the inspection report to a fault code and the report says that the engine is broken and needs to be replaced, but no estimated cost for that is given.

Mr B says that the water pump bolt had snapped and the car's battery had drained due to the car not being used, and that there were no significant faults with the car. Mr B estimated that it would require four to six hours of labour to replace the water pump bolt and the investigator estimated that the cost of replacing the water pump bolt would be £400. Moneybarn hasn't provided any evidence to challenge that estimate.

The inspection report identified damage to the car's bonnet, front bumper, left front wheel, rear bumper, right rear quarter panel, right front door and right front wing, with an estimated repair cost of £824.90. The report includes photos of the damaged areas and a video of the car. At the time of the inspection the car was more than eight years old. The car's mileage isn't recorded in the report because the car had a flat battery, but the car passed an MOT test in April 2024, when it's mileage was recorded as 67,746 miles, so I consider that it's reasonable to conclude that the car's mileage was similar to that at the time of the inspection. The car was supplied to Mr B in January 2022 and its mileage at that time was about 60,631 miles, so he had the car for about two years and in that time it's likely that it was driven for about 7,000 miles. Moneybarn hasn't provided any evidence about the condition of the car when it was supplied to Mr B, but I consider it to be more likely than not it would have had some existing wear and tear damage at that time, consistent with its age and mileage.

I consider that much of the damage identified on the inspection report should be considered to be fair wear and tear for a car that was more than eight years old and which had been driven for about 67,000 miles. Mr B has provided photos of the car and I consider that they show damage to the left front wheel and rear bumper. The inspection report estimated the repair cost for the damage to the left front wheel and rear bumper as £45 and £136.40, a total of £181.40.

I consider that it's fair and reasonable in these circumstances for Mr B to be liable for the estimated cost of replacing the water pump bolt of £400 and the estimated repair costs of £181.40. Moneybarn has charged Mr B £1,869.48 for the loss in value of the car, but I'm not persuaded that it's fair or reasonable for it to have done so. I consider that it would have been fair and reasonable for it to have charged him a total of £581.40. I find that Moneybarn should reduce the outstanding balance on Mr B's account from £1,869.48 to £581.40.

The car was collected from Mr B in December 2023 but Moneybarn didn't write to him about the required repair work until March 2024, more than three months later. I consider that Moneybarn should have written to Mr B about the repairs sooner than it did. Receiving a letter about unexpected repair costs of £2,374.90 more than three months after the car was collected from him is likely to have caused Mr B some distress and inconvenience. I consider that it would be fair and reasonable for Moneybarn to pay £100 to Mr B to compensate him for the distress and inconvenience that he was caused. As that's compensation for the distress and inconvenience that Mr B was caused, I consider that it should be paid to Mr B and not deducted from the outstanding balance of his account".

Subject to any further comments or evidence that I received from Mr B and Moneybarn, my second provisional decision was that I intended to uphold this complaint. Both Mr B and Moneybarn have accepted my second provisional decision, but Mr B says that Moneybarn has applied a default to his credit file. Moneybarn says that it's happy to ensure that no negative information is reported on Mr B's credit file in respect of this matter.

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.

Mr B says that Moneybarn has applied a default to his credit file and Moneybarn says that it's happy to ensure that no negative information is reported on Mr B's credit file in respect of this matter. I consider that to be fair and reasonable.

As both Mr B and Moneybarn have accepted my second provisional decision, and haven't made any other comments about it, I don't consider that I should make any other changes to the findings that I set out in that provisional decision.

Putting things right

I find that it would be fair and reasonable in these circumstances for Moneybarn to take the actions described in my provisional decision and to ensure that any adverse information relating to the agreement, including any default, that it's reported to the credit reference agencies is removed from Mr B's credit file.

My final decision

My decision is that I uphold Mr B's complaint and order Moneybarn No. 1 Limited to:

1. Reduce the outstanding balance on Mr B's account from £1,869.48 to £581.40.
2. Pay £100 to Mr B to compensate him for the distress and inconvenience that he's been caused.
3. Ensure that any adverse information relating to the agreement, including any default, that it's reported to the credit reference agencies is removed from Mr B's credit file.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 13 January 2026.

Jarrold Hastings
Ombudsman