

The complaint

Mr W complains that the van he acquired financed through a conditional sale agreement with MONEYBARN NO.1 LIMITED (“Moneybarn”) wasn’t of satisfactory quality.

What happened

In March 2025 Mr W acquired a used van financed through a conditional sale agreement with Moneybarn. In July the van broke down. Mr W took it to a third party garage, G, which diagnosed an issue with the timing belt and chain. He raised a complaint with Moneybarn.

The dealership, D, arranged recovery of the vehicle and carried out an inspection in order to confirm any faults and whether they would have been present or developing at the point of supply. D provided evidence to Moneybarn that there was an active recall on Mr W’s vehicle by the manufacturer in relation to the camshaft chain (timing chain). It did not uphold Mr W’s complaint. In its final response letter it said due to the evidence available in relation to the recall date, it could not hold D liable for the issues Mr W experienced as it was his responsibility to arrange inspection of the camshaft chain with the manufacturer once the recall notice became available. He brought his complaint to this service.

While with this service Mr W received a recall letter from the manufacturer. It said his vehicle may be affected by premature wearing of the camshaft drive train and he should present it to an authorised repairer immediately. Mr W said he approached a manufacturer’s garage about the recall but said he was told due to the vehicle not being serviced correctly prior to him owning it he would have to pay the full cost of repairs as well as the cost of the diagnostic.

Our investigator concluded that the vehicle wasn’t of satisfactory quality at the point of sale and Moneybarn should arrange for the van to be repaired, or if not economically viable allow Mr W to reject the van. Moneybarn didn’t agree and asked for a decision from an Ombudsman. It made some additional comments to which I have responded below as appropriate.

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 agree with the conclusions reached by the investigator for the reasons I’ve outlined below.

In considering what is fair and reasonable I need to have regard to the relevant law and regulations, regulator’s rules, guidance and standards, codes of practice and (where appropriate) what I consider having been good industry practice at the relevant time. Mr W’s conditional sale agreement is a regulated consumer agreement and as such this service can consider complaints relating to it.

Moneybarn disagrees with our investigator that it is liable for the repairs needed. In its

response it said the fact that the manufacturer has decided not to cover the repairs due to the vehicle not having a full-service history, does not impact where the liability for this matter would reside, as the precedent has been set by our service.

First I will look at liability under the relevant legislation, Consumer Rights Act 2015 (CRA). I will then address any impact of the recall.

Moneybarn, as the supplier of the van, was responsible for ensuring it was of satisfactory quality when it was supplied to Mr W. Whether or not it was of satisfactory quality at that time will depend on several factors, including the age and mileage of the van and the price that was paid for it. The van was about five and a half years old, had been driven for 71,668 miles and had a price of £5,994. Satisfactory quality also covers durability which means that the components within the van must be durable and last a reasonable amount of time – but exactly how long that time is will depend on several factors.

If I am to decide the van wasn't of satisfactory quality I must be persuaded faults were present at the point of supply. Faults that developed afterwards are not relevant, moreover even if the faults reported were present at the point of supply this will not necessarily mean the van wasn't of satisfactory quality. This is because a second-hand van might be expected to have faults related to reasonable wear and tear.

I'm persuaded there is a fault with the van. I say this because I've seen a copy of invoices for recovery of the vehicle and for a diagnostic check. The diagnostic check shows a likely problem with the timing chain. Moneybarn hasn't disputed there is a fault with the vehicle.

Mr W acquired the van in March and it failed in July, within six months. So broadly speaking the onus is on the supplier, Moneybarn, to show that the goods did actually conform to the contract when supplied.

I've seen a copy of an email dated 15 August from the broker to Moneybarn. It says:

"The dealer is collecting the vehicle next week for inspection. The dealer does however believe repairs for this vehicle would be around £4,000 making it uneconomical and if that is the case, he would rather unwind."

Prior to inspecting the vehicle itself and discovering a recall, and on the basis of the original diagnosis, the dealer is of the view that repairs would be uneconomical and unwinding the agreement maybe a more suitable remedy. This suggests to me that the dealer already considered this a serious timing chain problem and likely would have been present or developing at the point of sale. In its submission to our service Moneybarn said as the vehicle was being inspected, it became apparent that this vehicle was included in a recall, dated 2 July 2025, some 15 weeks after the agreement inception. In its final response to Mr W Moneybarn said

"The dealership have now inspected the vehicle and provided evidence to show there is an active recall on your vehicle by the manufacturer in relation to the camshaft chain...Due to the evidence available in relation to the recall date, we cannot hold the dealer liable for the issues you have been experiencing as it is your responsibility to arrange inspection of the camshaft chain with the manufacturer once the recall notice became available, as such, we have now not upheld and closed your complaint."

A recall is issued when a manufacturer discovers that the vehicle has a safety risk or doesn't meet minimum safety standards, the inference being the defect would have been present or developing at the point of sale. I haven't seen a technical report from the dealership but it reported to Moneybarn that the active recall was in relation to the camshaft chain which is

the part that failed in Mr W's van. This suggests to me that the fault in Mr W's van was likely present or developing at the point of sale or given the proximity of failure to the start of the agreement the part wasn't sufficiently durable. So, irrespective of the recall, I'm persuaded the van wasn't of satisfactory quality when it was supplied and Moneybarn must take action to put things right.

In its response to our investigator's view Moneybarn has said that as the recall wasn't in place at the beginning of the agreement the responsibility for arranging repairs related to the recall lies with the keeper, Mr W. It said this is in keeping with previous Ombudsman decisions which have set a precedent on this matter. It went on to say that the manufacturer refusing to carry out repairs due to not having full service history does not impact where the liability for this matter would reside, as the precedent has been set.

While the circumstances of two complaints may appear very similar (particularly in the summarised way of decisions such as this one – a natural consequence of the informal nature of our role) the details may be different. The decisions we make are not precedents. They are based on what we think is fair and reasonable, accounting for the unique circumstances of each case we receive. Each complaint is judged on its own merits.

The recall doesn't cancel Mr W's legal rights under the CRA, nor does it remove Moneybarn's liability as the supplier of the van.

In its final response Moneybarn said

"it is clear the recall was announced on 2 July 2025, and the manufacturer would have contacted you directly to arrange for the camshaft chain to be inspected at one of their authorised repair centres."

Mr W's van broke down on 28 July. There were 26 days between the recall being announced and when the van broke down. So even factoring in the recall I don't think it fair or reasonable to conclude Mr W could have known about the recall, received instructions from the manufacturer and had the van repaired all within 26 days. I've seen a copy of the letter from the manufacturer which eventually contacted Mr W directly on 10 November, which is after Mr W brought his complaint to our service.

I'm satisfied that at the point of supply Mr W was supplied with a van that wasn't of satisfactory quality and under the relevant legislation I'm persuaded that Moneybarn must put things right.

Under the CRA Moneybarn must be allowed one opportunity to repair the van. If it determines that this isn't economically viable then it must allow Mr W to reject the van and unwind the agreement. Mr W hasn't been able to drive the van since 28 July 2025 and it's fair that Moneybarn refund the monthly payments while Mr W hasn't been kept mobile. Mr W has incurred costs including to have the van recovered and for the diagnostic. It's fair that Moneybarn refund these costs. In addition Mr W has explained that this situation has caused him distress and inconvenience as he's not been able to use the van and has had to find alternative transportation. So I think it fair and reasonable Moneybarn pay Mr W £250 in compensation.

Putting things right

To put things right Moneybarn must:

- Arrange for and cover the cost of required repairs;
- Where repairs are not deemed to be economically viable, Moneybarn should allow Mr W to reject the van and end the finance agreement. In this instance, Mr W should also receive a refund of his advance payment of £1,000.
- Pay a refund of rentals from 28 July 2025 to date of settlement;
- Pay a refund of £324 to cover the costs of the recovery invoice and diagnostic report, on production of receipts to Moneybarn;
- Refund the customer for additional expenses for tax and insurance from 28 July 2025 to the date of settlement, on production of receipts to Moneybarn;
- Pay 8% simple yearly interest on all refunded amounts from the date of payment until the date of settlement;
- Pay a further amount of £250 for any distress and inconvenience caused;
- Remove any adverse information from Mr W's credit file in relation to the agreement.

My final decision

My final decision is I uphold this complaint and MONEYBARN NO.1 LIMITED must put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 20 March 2026.

Maxine Sutton
Ombudsman