

## **The complaint**

Mr M complains that a car supplied to him under a conditional sale agreement with MONEYBARN NO.1 LIMITED trading as Moneybarn was of unsatisfactory quality.

## **What happened**

In May 2025, Mr M was supplied with a used car through a conditional sale agreement with Moneybarn. The agreement listed a cash price of £8,437 and the finance was for the full amount; to be paid over 48 monthly payments of £259.21.

Shortly after the car was supplied, Mr M reported several problems including an oil leak and a rattling noise from the timing chain. Moneybarn arranged an independent inspection of the car, and following this agreed that Mr M could reject it under the Consumer Rights Act 2015 (CRA). It agreed to refund the instalments Mr M had paid towards the agreement, as well as some diagnostic and insurance costs he'd incurred. It paid an additional £200 to recognise the distress and inconvenience caused.

The complaint was referred to this service. Mr M says he part exchanged his previous car for £15,500 when entering the agreement with Moneybarn, and paid an additional £1,133.76 towards the negative equity. He asked Moneybarn to refund these amounts, as they were paid as part of his agreement and was now left without a car. One of our Investigators considered the complaint and was satisfied that Moneybarn's offer to put things right was fair in the circumstances. They were satisfied the value of Mr M's part exchanged car was put towards settling a separate finance agreement, so Moneybarn didn't need to refund it.

Mr M didn't agree. In summary, he said Moneybarn was aware of the part exchange, so must bear responsibility for the loss he incurred. He said the part exchange on his previous car and the current agreement were dealt with as a single transaction by the dealership so cannot now be considered separate. He asked for the complaint to be referred to an Ombudsman for a final decision. So, it's 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.

If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome. Where evidence has been incomplete or contradictory, I've reached my decision on the balance of probabilities – what I think is more likely than not to have happened given the available evidence and wider circumstances.

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 was good industry practice at the time. Mr M was supplied with a car under a conditional sale agreement. This is a regulated consumer credit agreement which means I can consider a complaint about it.

The CRA covers agreements such as the one Mr M entered into. Under this agreement, there is an implied term that the goods supplied will be of satisfactory quality. The CRA says that goods will be considered of satisfactory quality where they meet the standard that a reasonable person would consider satisfactory – taking into account the description of the goods, the price paid, and other relevant circumstances. I think in this case those relevant circumstances include, but are not limited to, the age and mileage of the car and the cash price. The CRA says the quality of the goods includes their general state and condition, as well as other things like their fitness for purpose, appearance and finish, freedom from minor defects, safety, and durability.

In this case, it's not in dispute that the car was of unsatisfactory quality at the point of supply, and Mr M has now exercised his right to reject it. What remains for me to decide is whether Moneybarn has done enough to put things right for him.

Moneybarn has already unwound the agreement and taken the car back, as I'd expect. Under the agreement terms, there was no deposit to refund. Moneybarn has also refunded the monthly payments Mr M made towards the agreement – so although he didn't have full use and enjoyment of the car during the agreement term I'm satisfied this has effectively been put right for him. Moneybarn has also refunded some insurance and diagnostic costs, and Mr M hasn't presented any other out of pocket expenses other than the negative equity balance.

I've considered the part exchange and negative equity on Mr M's previous car. The conditional sale agreement itself doesn't refer to any part exchange, but Mr M has provided a copy of the dealer's invoice which provides further detail. The invoice sets out that Mr M part exchanged a car, which had an existing settlement figure of £18,380.76. This appears to be the amount owed by Mr M to settle a previous – and separate – finance arrangement with another lender.

The invoice shows Mr M part exchanged his previous car for £15,500. Because the part exchange value was less than the settlement figure, it went towards paying off the previous agreement rather than towards the purchase of this car. This left a negative equity balance of around £2,880 – of which Mr M paid £1,133.76 himself and the rest formed part of his agreement with Moneybarn.

While I understand Mr M wants Moneybarn to reimburse the part exchange value as well as his payment towards the negative equity, the information I've seen suggests these funds were used to repay a separate and unrelated debt owed by Mr M – and weren't received by Moneybarn at any point. Mr M has effectively had the full benefit of those funds already, as they were used to settle the balance that he would otherwise have been required to pay had he not chosen to part exchange his previous car.

So, I don't find that those costs were incurred as a result of Moneybarn supplying a car that was of an unsatisfactory quality. While I don't doubt Mr M's assertion that Moneybarn was aware of the part exchange or that he was told it was all dealt with together as a single transaction, that doesn't mean those funds are due back to him.

Mr M says the situation effectively left him without a car when he had one before. I understand he entered the agreement with the intention of exchanging his previous car for this one, and that he's now in a position of having to return that car through no fault of his own. While Mr M may now need to find a new car – which I don't doubt is inconvenient – for the reasons I've explained I don't find that he's incurred a financial loss here beyond the funds Moneybarn has already reimbursed. Moneybarn has also paid Mr M £200 to recognise the distress and inconvenience caused – which I find fair in the circumstances.

I appreciate this will come as a disappointment to Mr M, but for the reasons I've explained I'm satisfied Moneybarn has already done enough to put things right for him and I don't require it to do anything further.

**My final decision**

My final decision is that I don't uphold Mr M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 11 May 2026.

Stephen Billings  
**Ombudsman**