

The complaint

Mr C complains about the quality of a car he acquired under a conditional sale agreement with MONEYBARN NO.1 LIMITED (Moneybarn).

When I refer to what Mr C and Moneybarn said or did, it should also be taken to include things said or done on their behalf.

What happened

In December 2024, Mr C entered into a conditional sale agreement with Moneybarn to acquire a car first registered in 2016. At the time the car had travelled around 82,954 miles. The total cash price of the car was approximately £7,500. There was an advance payment of £1,100. The agreement was paid over 59 monthly payments. The amount of each monthly payment was £215.48.

Mr C said that he had issues with the car from the first day. First, the issues were with low pressure as the turbo was at fault and a new one would be required. Mr C said the supplying dealership took three weeks to fix the car. A few weeks after, the car started to leak diesel, so the supply dealership asked him to take it to his local garage. But after a clip replacement, the car was still leaking diesel and so had to be looked at by another garage. A few weeks after that repair Mr C said he noticed that the car was making a loud knocking noise which, was diagnosed as the camshaft pulley requiring replacement. As part of this repair the aux belt and aux belt tensioner also need to be replaced, and Mr C was charged £628, of which £400 was paid by the supply dealership toward this repair. After that repair, when Mr C started the car up, there was another knocking noise which seemed to be related to the engine. As such, he said, he requested to reject the car.

Mr C said Moneybarn insisted that he gets an inspection done and this inspection found that there was an injector fault. The garage that did the inspection quoted over £3,000 for that repair. Following this, Moneybarn arranged an independent inspection which found that the turbo, which had been replaced, had a whistle and the diesel knock he previously found was also present. Following this, Mr C was allowed to reject the car but Moneybarn asked that Mr C pay £0.25 per mile for the 6,263 miles he had covered during the time he had the car. Mr C said he had to pay himself the £238 for the aux belt and tensioner, which they refused to replace. Mr C did not think he should be responsible for these costs, as he had continued issues with the car which also caused him a lot of distress and inconvenience when trying to sort these out.

On 20 August 2025, Moneybarn wrote to Mr C and, in summary, said that he was able to reject the car but that they want to keep certain payments. Moneybarn believed that they should be able to charge Mr C £0.25 per mile travelled. They agreed to refund him the £238 he paid towards the repairs, plus pay him £200 for the distress and inconvenience caused. They also thought that he needed to pay £150 for a valet and cabin filter, as they needed to get the smoking smell out of the car. Plus, they said the supplying dealership said Mr C replaced the tyres. As such, they had a cost of £75 to return these to the correct ones for that car. Moneybarn also said that the dealership wanted to charge for damage to the

bodywork of the car, but Moneybarn would cover this cost, as the dealership has not provided evidence to show these were in place at the point of supply.

Mr C remained unhappy with the above, so he referred his complaint to the Financial Ombudsman Service (Financial Ombudsman).

Our investigator looked at the complaint and upheld it. The investigator proposed what they deemed to be a fair and reasonable redress.

Moneybarn disagreed with the investigator. As such, 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.

Where evidence is unclear or in dispute, I reach my findings on the balance of probabilities – which is to say, what I consider most likely to have happened based on the evidence available and the surrounding circumstances.

In considering what is fair and reasonable, I need to take into account the relevant rules, guidance, good industry practice, the law and, where appropriate, what would be considered good industry practice at the relevant time. Mr C acquired the car under a conditional sale agreement, which is a regulated consumer credit agreement. Our service can look at these sorts of agreements. Moneybarn is the supplier of goods under this type of agreement and is responsible for dealing with complaints about their quality.

I have summarised this complaint briefly, in less detail than has been provided, and largely in my own words. No discourtesy is intended by this. If there is something I have not mentioned, I have not ignored it. I have not commented on every individual detail. But I have focused on those that are central to me reaching, what I think is, the right outcome. This reflects the informal nature of the Financial Ombudsman as a free alternative to the courts.

I am only considering the aspects Moneybarn are responsible for as a supplier of the car, as such I cannot look at certain actions and/or inactions of the dealership/broker or the warranty company which Mr C might be unhappy about. In this decision I only focused on the aspects I can look into. And I am only looking at the events that have been raised by Mr C with Moneybarn, the ones they had an opportunity to address in their correspondence sent to him on 20 August 2025.

The Consumer Rights Act 2015 (CRA) covers agreements such as the one Mr C 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 Mr C's case the car was used, with a total cash price of £7,500. It had covered around 82,954 miles, and was more than eight years old when he acquired it. Therefore, based on age and mileage of the car it is reasonable to expect there to be some wear to it because of its use. I would have different expectations of it compared to a brand-new car or one that is

less road-worn. As with any car, there is an expectation there will be ongoing maintenance and upkeep costs. There are parts that will naturally wear over time, and it is reasonable to expect these to be replaced. With second-hand cars, it is more likely parts will need to be replaced sooner or be worn faster than with a brand-new car. And Moneybarn would not be responsible for anything that was due to normal wear and tear whilst in Mr C's possession. However, I think a reasonable person would not expect anything significant to be wrong shortly after it was acquired.

Moneybarn is not disputing that the car had faults that rendered it of unsatisfactory quality, so they accepted that Mr C could exercise his right to reject the car. Bearing this in mind, I do not think I have to go into great detail in making a finding on whether the car was of satisfactory quality. However, for completeness, I will say that given the age, mileage of the car, and the price paid, combined with how quickly Mr C experienced such significant issues, I think most likely, the car was of unsatisfactory quality when it was supplied to Mr C. It has also been confirmed by the independent inspection that attempted repairs have failed. As such, I think most likely, the car was of unsatisfactory quality when supplied to Mr C and, as the repairs had failed, I think it was only fair and reasonable that he was able to exercise his right to reject the car. However, now there remains the question of how the redress should be settled, following the rejection of the car.

Under the credit agreement there is an advance payment of £1,100. And I think Moneybarn should refund Mr C's this advance payment considering that they supplied him with a car that was of unsatisfactory quality.

Moneybarn should remove any adverse information from Mr C's credit file if this has not yet been done. The credit agreement should be marked as settled in full on his credit file, or something similar, and should not show as voluntary termination.

Moneybarn believes that it is fair that Mr C is charged for car usage at £0.25 per mile, based on the fact that the car had covered around 6,263 miles. But considering the circumstances of this complaint, I do not think this would be fair and reasonable. I say this for a few reasons. Mr C was provided with a car of unsatisfactory quality. Although I agree he had use of the car, it would not be fair and reasonable to charge him £0.25 per mile, given that Mr C's agreement did not stipulate an annual mileage limit, and he did not have use of the car for significant periods of time. As such, I think it is fair and reasonable for Moneybarn to only keep the payments for the times when Mr C had use of the car.

Mr C had not used the car since 28 May 2025 because of the problems with it and because Moneybarn told him to stop using it. As such, he should not be responsible for any payments past this point in time. Due to the initial fault, Mr C said he was also not able to have full use of the car from 5 January 2025 to 25 January 2025. Due to further faults, he was also unable to have full use the car from 6 February 2025 to 10 February 2025 and from 6 May 2025 to 12 May 2025. As such he should also get a refund for the payments made during that period to cover any loss of use, and/or impaired use.

In addition, I do not think Moneybarn should charge £75 for replacement tyres or other damage to the car, as I have not seen enough evidence to be able to say that, most likely, such charges would be fair and reasonable. I say this because I have not seen the condition of the car when it was first supplied to Mr C. When coming to this conclusion, I also kept in mind the age of the car. However, Moneybarn can charge Mr C £150 for the valet and filter replacement, as Mr C confirmed that he smoked in the car. As such, it is not unreasonable that this cost would have been incurred.

Moneybarn should also refund Mr C the £238 he had to pay toward the repairs, if this has not yet been done.

Moneybarn should also add interest to the refunded amounts from the date of each payment until the date of settlement. Interest should be calculated at 8% simple per year.

I also think that this matter caused Mr C a lot of distress and inconvenience while trying to resolve it. He had to make the car available for inspections and repairs a number of times, and he had to correspond extensively with the dealership/broker and Moneybarn. Also, he had to make alternative transport arrangements, which I think, he would not have had to make if Moneybarn supplied him with a car that was of satisfactory quality. As such, I think Moneybarn should pay him a total of £200 in compensation to reflect the distress and inconvenience caused.

My final decision

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

1. Cancel the conditional sale agreement with nothing further to pay, if this has not yet been done;
2. Refund the advance payment of £1,100, if this has not yet been done;
3. Moneybarn can keep all the agreement repayments due up until 28 May 2025, but they should provide Mr C with a refund for the payments made from 5 January 2025 to 25 January 2025, 6 February 2025 to 10 February 2025, and 6 May 2025 to 12 May 2025;
4. Refund Mr C £238 he had to pay toward the repairs if this has not yet been done;
5. Add interest to all the refunded amounts from the date of each payment until the date of settlement. Interest should be calculated at 8% simple per year;
6. Pay a total of £200 in compensation to reflect the distress and inconvenience caused if this has not yet been paid;
7. Remove any adverse information from Mr C's credit file. The credit agreement should be marked as settled in full on his credit file, or something similar, and should not show as voluntary termination, if this has not yet been done.

If MONEYBARN NO.1 LIMITED considers that tax should be deducted from the interest element of my award, they should provide Mr C with a certificate showing how much they have taken off so he can reclaim that amount, if he is eligible to do so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 27 March 2026.

Mike Kozbial
Ombudsman