

The complaint

Mr B complains that a car that was supplied to him under a conditional sale agreement with Moneybarn No. 1 Limited wasn't of satisfactory quality.

What happened

A used car was supplied to Mr B under a conditional sale agreement with Moneybarn that he electronically signed in October 2025. The price of the car was £9,674, Mr B made an advance payment of £1,500 and he agreed to make 52 monthly payments of £330.39 to Moneybarn.

Mr B complained to Moneybarn about some issues with the car in November 2025 and it said that the dealer had agreed that it would accept Mr B's rejection of the car, but he wanted a price reduction. Moneybarn said that, as the previously proposed solutions of repair or an unwind of the agreement had been declined by Mr B, it was unable to uphold his complaint. Mr B wasn't satisfied with its response, so referred his complaint to this service.

Mr B's complaint was looked at by one of this service's investigators who, having considered everything, didn't think that Moneybarn had acted fairly. He was satisfied that there were faults with the car which made it of unsatisfactory quality when it was supplied. He recommended that Moneybarn should: pay Mr B the cost incurred for the repairs to the car's catalytic converter; pay a refund of rentals from 6 to 8 and 12 to 16 November 2025 to cover loss of use and 5% of rentals from 16 November 2025 for his impaired use; refund £393.36 for additional expenses which Mr B had incurred as a result of the issues with the car; pay interest on all those amounts; pay £300 for any distress or inconvenience that's been caused; and remove any adverse information from Mr B's credit file in relation to the agreement.

Mr B says that he disagrees with the investigator's recommendation and has requested that his complaint be referred to an ombudsman for a final decision. Moneybarn hasn't responded to the investigator's recommendation. Mr B has described his objections about: the failure to address dealer-caused cosmetic damage during custody; the impracticable and unfair repair remedy; his loss of earnings being incorrectly dismissed; the cosmetic damage assessment being insufficiently reasoned; and the distress, inconvenience and complaint impact being undervalued. He also says that the car is undriveable following a breakdown in February 2026.

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.

There was an issue with the car's catalytic convertor within 30 days of the car being supplied to Mr B and the dealer said that it would fit a new catalytic convertor, but didn't do so. Mr B complained to Moneybarn about issues with the car and it said that the dealer had agreed that it would accept Mr B's rejection of the car. The investigator said that it didn't seem to be in dispute that there were faults with the car, which made it of unsatisfactory quality when it was supplied. I don't consider that there's any need for me to make any detailed findings about the issues with the car, other than to say that I'm satisfied that there are faults with the car which caused it not to have been of satisfactory quality when it was supplied to Mr B.

Mr B has provided evidence to show that the catalytic convertor is rattling internally and a quote of £2,039.24 for the required repairs. I find that it would be fair and reasonable for Moneybarn to arrange and pay for the issues with the catalytic convertor to be repaired. Mr B says that the car is undriveable following a breakdown in February 2026. The breakdown report says that car's exhaust gas recirculation pipe had cracked and broken off and recorded the car's mileage as 86,927 miles.

The car had passed an MOT test in September 2025, with an advisory about a worn rear brake disc, which was before it was supplied to Mr B and its mileage was recorded as 76,592 miles, which is also the mileage of the car that was shown on the conditional sale agreement. That issue has occurred since Mr B complained to Moneybarn, so it hasn't had an opportunity to respond to a complaint about it, and I'm unable to make any findings about that issue in this decision. Without making any finding, I've seen no evidence to show that there was a fault with the car's exhaust gas recirculation pipe when it was supplied to Mr B and I don't consider it to be likely that he'd have been able to drive about 10,000 miles in the car if its exhaust gas recirculation pipe had been broken.

Mr B has also complained about cosmetic damage that he says was present on the car when it was supplied to him. The car was first registered in March 2017, so was about eight and a half years old when it was supplied to him and it had been driven for at least 76,592 miles. I'm not persuaded that the cosmetic damage about which he's complained caused the car not to have been of satisfactory quality when it was supplied to him or that it would be fair or reasonable for me to require Moneybarn to pay for that cosmetic damage to be repaired.

Mr B says that new cosmetic damage occurred while the car was in the dealer's possession for repair. I'm not persuaded that there's enough evidence to show that the dealer has damaged the car, but even if it has, the damage occurred after Mr B had entered into the conditional sale agreement. Any such damage isn't something for which Moneybarn would be liable and I find that it wouldn't be fair or reasonable for me to require it to pay for it to be repaired. Mr B should raise any concerns about that damage with the dealer.

Mr B wasn't able to use the car when it had been returned to the dealer in November 2025 and he arranged alternative transport between 3 and 6 November 2025 and 8 and 12 November 2025, which included using trains and hiring a car. He incurred a cost of £393.36 for that and I find that it would be fair and reasonable for Moneybarn to pay £393.36 to Mr B to reimburse him for those costs, with interest. I find that it would also be fair and reasonable for Moneybarn to refund to Mr B the monthly payments that he's made under the conditional sale agreement for the periods from 6 to 8 and 12 to 16 November 2025, with interest, to compensate him for his loss of use of the car.

Mr B has continued to use the car since it was returned to him by the dealer, even though there's been an issue with its catalytic convertor, and his use of the car will have been impacted by the issue with it. I agree with the investigator that it would be fair and reasonable for Moneybarn to refund to Mr B 5% of the monthly payments that he's made

under the conditional sale agreement for the period from 16 November 2025 until the car is repaired as compensation for his loss of enjoyment of the car.

Mr B says that he's claimed for his loss of earnings arising from his inability to meet work obligations due to the car being unusable and later returned with a failed repair. He says that he took reasonable steps to mitigate his loss by arranging alternative transport where possible. Mr B hasn't provided evidence to show that he's suffered a financial loss from loss of earnings because of issues with the car, but even if he provided such evidence, I consider that it would be reasonable to expect him to have arranged alternative transport to meet his work obligations. I'm not persuaded that it would be fair or reasonable in these circumstances for me to require Moneybarn to pay him any compensation for his loss of earnings.

These events have clearly caused distress and inconvenience for Mr B and he's provided an impact statement. The investigator recommended that Moneybarn should pay £300 to Mr B to compensate him for the distress and inconvenience that he's been caused, but Mr B says that that doesn't adequately reflect the cumulative distress, inconvenience and prolonged disruption caused. I agree with the investigator that compensation of £300 for the distress and inconvenience caused would be fair and reasonable and I'm not persuaded that a higher award of compensation is justified in these circumstances.

The investigator also said that Moneybarn should remove any adverse information from Mr B's credit file in relation to the agreement. If Moneybarn has reported any adverse information about the conditional sale agreement to the credit reference agencies, I agree that it should be removed from Mr B's credit file. Mr B has also complained to Moneybarn about its handling of his complaint. I'm not persuaded that it would be fair or reasonable for me to require Moneybarn to take any further action in response to Mr B's complaint about its handling of his complaint.

.Putting things right

I find that it would be fair and reasonable in these circumstances for Moneybarn to take the actions described above, and as set out below, to put things right.

My final decision

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

1. Arrange and pay for the issue with the car's catalytic convertor to be repaired.
2. Pay £393.36 to Mr B to reimburse him for the additional costs that he's incurred.
3. Refund to Mr B the monthly payments that he's made under the conditional sale agreement for the periods from 6 to 8 and 12 to 16 November 2025.
4. Refund to Mr B 5% of the monthly payments that he's made under the conditional sale agreement for the period from 16 November 2025 until the issue with the car's catalytic convertor is repaired.
5. Pay interest on the amounts at 2, 3 and 4 above at an annual rate of 8% simple from the date of each payment to the date of settlement.
6. Ensure that any adverse information about the conditional sale agreement that it's reported to the credit reference agencies is removed from Mr B's credit file.

7. Pay £300 to Mr B to compensate him for the distress and inconvenience that he's been caused.

HM Revenue & Customs requires Moneybarn to deduct tax from the interest payment referred to above. Moneybarn must give Mr B a certificate showing how much tax it's deducted if he asks it for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 2 April 2026.

Jarrold Hastings
Ombudsman