

## **complaint**

Mr P complains that a car that was supplied to him under a conditional sale agreement with Moneybarn No. 1 Limited wasn't of satisfactory quality. He's being helped with his complaint by his mother.

## **background**

A used car was supplied to Mr P under a conditional sale agreement with Moneybarn that he signed in March 2017. The car was then more than six years old and its mileage was recorded on the agreement as being 92,356. The car broke-down in May 2017 and its turbocharger, oil and associated components were replaced under warranty. But when the car was restarted there was a knocking noise and it was identified that the sump had previously been removed and there were metal flakes in it. The car was inspected by an independent expert in August 2017 who said that the knocking noise was so loud that it would've been heard if it'd present when the car was supplied to Mr P and an engine strip down was recommended. When the engine was stripped down it was found that "the number 4 big end" had failed and the repair cost was quoted as £3,866.76. The warranty company offered to pay £1,000 towards the repair cost. The dealer said that it thought that the metal flakes were present as a result of the blown turbocharger – but it said that it wasn't liable for the repair costs as there'd been an intervening repair as the sump had been untidily repaired. Mr P complained to Moneybarn but wasn't satisfied with its response so complained to this service.

The investigator recommended that this complaint should be upheld. She thought that the car had an issue with the sump at some point before it was supplied to Mr P, and at that time it had been poorly repaired. And, taking that together with the fact that the turbocharger failed only two months later, she thought it likely that the car wasn't of satisfactory quality when it was supplied to Mr P. So she recommended that Moneybarn should: end the agreement and take back the car at no extra cost to Mr P; refund his deposit of £700 and any payments made under the agreement from May 2017 onwards (with interest); and pay Mr P £150 for the inconvenience caused.

Moneybarn has asked for this complaint to be considered by an ombudsman. It says, in summary, that the independent expert's assessment of the matter and its impact on this complaint isn't reflected within the investigator's assessment and there could be many reasons why Mr P couldn't have made a warranty claim for the issues relating to the sump.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

The car was supplied to Mr P in March 2017. And only two months later it broke down and needed a replacement turbo. The turbo was replaced under warranty but there was then a knocking noise from the engine. When that was investigated it was discovered that the sump had previously been removed and that there were metal flakes in it. The engine was stripped down and it was found that "the number 4 big end" had failed. The repair cost was quoted as £3,866.76. The warranty company offered to pay £1,000 towards the repair cost.

So within only two months of the car being supplied to Mr P – and having only been used by him to drive about 2,500 miles, the car's turbo failed requiring replacement, metal flakes were found in the sump which had been poorly repaired, the car had developed a knocking noise and "the number 4 big end" had failed. The independent expert said that the noise was so loud that it couldn't have been present when the car was supplied to Mr P without him being aware of it. I'm not persuaded that there's any evidence to show that Mr P has interfered with the sump or that he's tried to repair the car. Nor am I persuaded that all of those issues would've developed so soon after the car had been supplied to him if the car had been of satisfactory quality at that time. I consider it to be more likely than not that some (or all) of those issues were present or developing when the car was supplied to Mr P. So I find that the car wasn't of satisfactory quality when it was supplied to Mr P. And I find that it would be fair and reasonable for Mr P to reject the car and for Moneybarn to refund to him the advance payment of £700 that he paid for the car and the monthly (and other) payments that he's made under the agreement since the car broke-down in May 2017 (with interest). Moneybarn's response to Mr P's complaint and its failure to either pay for the repairs or to reject the car will have caused distress and inconvenience to Mr P. And I consider that it would be fair and reasonable for it to also pay him £150 to compensate him for that distress and inconvenience.

### **my final decision**

For these reasons, my decision is that I uphold Mr P's complaint. And I order Moneybarn No. 1 Limited to:

1. Cancel the conditional sale agreement and arrange for the car to be collected from Mr P – both at no cost to him.
2. Refund to Mr P the £700 advance payment that he paid for the car.
3. Refund to Mr P the monthly payments (and any other payments) that he's made under the agreement since the car broke-down in May 2017.
4. Pay interest on the amounts at 2 and 3 above at an annual rate of 8% simple from the date of each payment to the date of settlement.
5. Pay £150 to Mr P 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 at 4 above. Moneybarn must give Mr P 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 P to accept or reject my decision before 5 August 2018.

Jarrold Hastings  
**ombudsman**