

complaint

Mr N complains that Moneybarn No. 1 Limited didn't allow him to reject a faulty second hand car which he had purchased with a hire purchase agreement.

background

Mr N bought a second hand car in late September 2017. It had done some 98,500 miles. Towards the end of November the car broke down. Mr N spoke with the garage and Moneybarn and says both agreed the car would be replaced. Later the garage suggested Mr N had altered the car and refused to accept responsibility.

Mr N complained to Moneybarn and it agreed to have the car inspected by an independent engineer. An initial inspection was inconclusive as the engineer wasn't able to examine the engine properly. The second one said: "*On the balance of probability the engine would have been in a compromised state at finance inception*". It also noted that the cause was a lack of oil and this should have been apparent from the oil pressure light coming on and a knocking sound. It added that it didn't think the fault would have occurred suddenly.

Moneybarn suggested that Mr N be held liable for part of the cost of the repairs as he continued to use the car after it would have been obvious there was fault. The complaint was considered by one of our investigators who recommended it be upheld. He said he believed the report showed that the car wasn't of satisfactory quality at the time of purchase. Given the nature of the damage he didn't consider it appropriate to have it repaired.

He noted Mr N had only owned the car for 6 weeks before the engine blew up. While he acknowledged it was best practice to check the oil once a month he didn't think it reasonable to expect a customer to check the oil on a newly purchased car in the first six weeks. He thought Moneybarn should let Mr N reject the car. He added that that Mr N had paid to replace the windscreen and glow plugs. As he was unable to benefit from these Moneybarn should refund these costs, subject to being given evidence of payment.

The business didn't agree and said Mr N should have checked the oil levels as suggested by the car's manual. Mr N responded and said he had checked the oil levels and the engine blew up shortly after the oil light came on.

my findings

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

In 2017 Mr N bought a second hand car which was financed by Moneybarn by means of a hire purchase agreement. As it retains ownership until all payments are made it can be held liable for the quality of the goods at the point of supply or if they weren't what was ordered.

This matter is quite straightforward. The second engineer's report confirms the likely fault was, on balance, present at the time the car was sold to Mr N. That fault led to a catastrophic failure and to significant damage to the engine. The work required to fix the car is disproportionate to its cost and so I believe Mr N should be allowed to reject it.

I gather the merchant had the car serviced just before the sale and it would be reasonable to presume the oil would be sufficient to last for six weeks and some 2,000 miles without

causing such the engine to blow up. In any event Mr N says he checked it and I have no reason to doubt him. I don't consider it reasonable to require Mr N to contribute the cost. The car was faulty at the point of sale and so he can reject it.

To put things right, I think that Moneybarn need to do the following:

- Allow Mr N to reject the car.
- Unwind the agreement with nothing further to pay.
- Remove the finance agreement from Mr N's credit file including any missed payment markers.
- Refund the cost of the glow plugs and windscreen plus 8% simple interest.
- Pay £200 compensation.

my final decision

My final decision is that I uphold this complaint and I direct Moneybarn No. 1 Limited to compensate Mr N as set out above. HM Revenue & Customs requires Moneybarn to take off tax from this interest. Moneybarn must give Mr N a certificate showing how much tax it's taken off if he asks for one. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 22 March 2018.

Ivor Graham
ombudsman