

The complaint

Mr L complains that Moneybarn No. 1 Limited didn't treat him fairly while he was struggling to repay the arrears on his account.

What happened

Mr L entered into a 48 month conditional sale agreement with Moneybarn in June 2013 to acquire a used car. He says that the car needed expensive repairs over a two month period with the total cost being over £2,000. He says this caused him to fall behind with his payments and that Moneybarn didn't treat him fairly at this time. He says he was required to make unrealistic payments to pay off the arrears. He couldn't afford these, and the car was repossessed leaving him unable to work.

Mr L noted that Moneybarn had been investigated by the Financial Conduct Authority (FCA) and fined due to how it had dealt with customers struggling to pay arrears on their accounts. He thought he should have been part of this investigation and compensated accordingly.

Moneybarn says it kept Mr L informed of the situation on his account throughout his agreement and that it tried to work with him when he fell behind with his payments. It issued a final response letter to Mr L dated April 2020. It said that Mr L wasn't included in the group of customers that were affected by the issues the FCA was investigating.

Moneybarn said that Mr L had missed a series of payments on his account. In 2017 it says it carried out an income and expenditure assessment to set up a payment plan to assist him. However, as the payments weren't maintained it issued a default notice in March 2017 which said Mr L needed to pay the full amount of the arrears by a certain date. Mr L contacted Moneybarn on 16 March saying he wished to settle the agreement. Mr L was told about the expiry of the default notice and given his exit options. A further discussion took place on 24 March when Moneybarn says Mr L was told that if he didn't exercise an exit option or satisfy the default notice his agreement would be terminated.

Mr L's agreement was terminated on 29 March 2017. Mr L contacted Moneybarn to ask for time to try to part exchange the car. He was given two weeks as a gesture of goodwill, but the settlement amount wasn't paid. The possibility of a Consent Order was considered but this wasn't progressed, and Mr L was told on 12 July 2017 that Moneybarn wouldn't hold his account for any longer and he would receive confirmation of his final balance once the car had been sold. The final billing letter was sent dated 9 August 2017 with an outstanding balance of £1,655.25. Mr L's account was then transferred to a debt management company.

Our investigator thought that Moneybarn had tried to work with Mr L when he told it of his financial difficulties. However, she thought that Mr L was due an interest rebate on the agreement due to it ending early and this should be offset against his outstanding balance.

Mr L didn't accept our investigator's view. He said he only accepted the payment plan amounts as he needed to keep the car and that further checks should have taken place to ensure the payments were affordable. He said he received lots of calls and was pressurised into making the unaffordable payments. Mr L says Moneybarn didn't help him and he feels

that the outstanding debt should be written off. He also said that the repairs were for a known problem with the car.

Moneybarn said that the sale of the car took place in August 2017, after the term of the original conditional sale agreement had ended and so there was no interest rebate due.

My provisional conclusions

I issued a provisional decision on this complaint. I concluded in summary:

- Mr L experienced issues making his payments before he contacted Moneybarn in October 2016. Moneybarn had sent him letters about the outstanding payments and arrears and I found Mr L was provided with the information he needed to understand how to bring his account up to date and the consequences of not doing so.
- When Mr L contacted Moneybarn in October 2016, about not being able to make his payment due to needing to pay for repairs, Moneybarn tried to work with him by asking him to send the repair invoice and then trying to contact him before taking any further action. As contact wasn't made I didn't find that Moneybarn did anything wrong by sending out a default notice.
- Mr L contacted Moneybarn on 7 November. Moneybarn tried to assist him by setting up payment plans. Mr L's statement of account showed that larger payment amounts were set up to clear the arrears, but Mr L continued to experience issues maintaining his payments.
- In early 2017, Mr L had a further repair cost. Moneybarn carried out an income and expenditure assessment. While I noted Mr L's comments about the information included I thought Moneybarn had acted reasonably and tried to assist Mr L by setting up the payment plan at that time to try to clear the arrears.
- Mr L didn't maintain the payment plan and a further default notice was issued on 6 March 2017. Given the situation on Mr L's account and his history of missed payments and issues maintaining the payment plan, I found it was reasonable that a default notice was issued.
- Mr L contacted Moneybarn in March 2017 to discuss his options. He was provided with the early exit options in a communication dated 17 March 2017. Mr L didn't make the payments due under the default notice or exercise his early exit options and his agreement was terminated on 29 March 2017. Given the circumstances I didn't think that Moneybarn did anything wrong by terminating Mr L's agreement at that time.
- Mr L asked for more time to consider a part exchange of the car and two weeks was agreed. No payment was received. In July 2017 Mr L was told that his car would be sold, and the proceeds set against his outstanding balance. I understood that this left Mr L without a car but given the time that had passed since the agreement had been terminated I thought it fair that this matter was brought to a close.
- The sale proceeds were not enough to clear Mr L's outstanding balance and so Mr L was liable for the remaining balance. The agreement was due to end around June 2017 and was terminated before this. In the default notice dated March 2017, there was reference to an interest rebate of £3.47 that would reduce if the balance wasn't paid by the required date. The balance wasn't paid at that time and there was a

period of a few months while further action wasn't taken. The car was sold in August 2017 after the agreement would have ended had it not been terminated. Based on the evidence provided I didn't think I could say that the amount Moneybarn had calculated as the outstanding balance was incorrect.

Overall, while I understood the issues Mr L had raised, I thought that Moneybarn had tried to work with him when he experienced issues maintaining his payments and when he asked for further time after the agreement had been terminated. I agreed that Mr L remained liable for the outstanding balance, which had been transferred to a debt management company.

Neither party provided any further information in response to my provisional decision.

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.

Mr L entered into a conditional sale agreement with Moneybarn in 2013 to acquire a used car. His complaint is about how he was treated when he fell behind with his payments due to having to spend around £2,000 on repairs.

As I set out in my provisional decision, I find that Moneybarn did try to work with Mr L when he was experiencing difficulties making his payments. It carried out an income and expenditure assessment and set up payment plans. However as these weren't maintained I do not find that Moneybarn did anything wrong by terminating Mr L's agreement and then, after an extended period, selling the car. I do not find I have evidence to say the outstanding balance on Mr L's account is incorrect.

I understand the outstanding balance has been transferred to a debt management company. Given the issues Mr L has raised we would expect him to be treated positively and sympathetically regarding the outstanding balance.

My final decision

My final decision is that I do not uphold this complaint against Moneybarn No. 1 Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 24 March 2021.

Jane Archer
Ombudsman