

## **The complaint**

Mr W complains Moneybarn Limited (Moneybarn) failed to provide him with partial early settlement quotations in regards to his conditional sale agreement. As a result, he believes he has lost out financially.

## **What happened**

In July 2018, Mr W entered into a conditional sale agreement with Moneybarn for a used car. The finance was repayable over 42 months in which he was required to pay £239 per month.

Between January and March 2020, Mr W contacted Moneybarn on approximately three occasions to enquire about partial early settlement and early settlement quotations, the rebate amount and how this would impact his remaining payments. He asked for partial settlement quotations for varying amounts, ranging from £1,500 to £3,000.

In March 2020, Mr W contacted Moneybarn to say due to the Covid-19 pandemic, he would suffer financially as his place of employment was closed. In April 2020, Moneybarn agreed to a three month deferral period, which ended in June 2020.

In July 2020, Mr W requested partial settlement quotations however he was told as the account was in arrears, due to the deferral period, this needed to be cleared first before they could be generated. He paid £867 to bring the account up to date and made the request for partial settlement quotations for £2,000, £2,300, £2,500 and £2,750. Moneybarn said due to a system issue, they were unable to do so as the account incorrectly showed a deferral period was still in place. However they were able to provide him with an early settlement quotation to settle the agreement in full.

Mr W complained about Moneybarn's delay in providing the partial settlement quotation and he said he hadn't been told the impact the deferral period would have on calculating it. He felt he had lost out on hundreds of pounds in terms of rebate. He later went on to settle the account in full in September 2020.

Moneybarn partially upheld the complaint. They said the Covid-19 deferral period was a new process and they accepted there was room for improvement as Mr W was not advised of the impact it would have on providing the partial settlement quotation. They also acknowledged the long wait times and delays Mr W experienced when he tried to contact him. They offered £50 compensation as a resolution to the complaint.

Unhappy with their response, Mr W referred the complaint to our service. Our investigator recommended the case wasn't upheld. They recognised Moneybarn could've provided the quotation sooner but said it was a complex process and given the unprecedented nature of Covid-19, the information provided to Mr W may have been limited. However they weren't persuaded had the quotations been given earlier, he would've acted differently. Overall, they concluded they didn't believe Mr W had lost out financially as a result of the delay.

Mr W disagreed. He said he paid the arrears to bring the account up to date with the intention to make a partial settlement repayment. He also said he intended to make a further payment in July 2020 in order to receive a greater rebate amount.

As an agreement couldn't be reached, the complaint has been referred 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.

Having done so, I've decided not to uphold Mr W's complaint. I'll explain why.

In order to decide if Moneybarn has acted fairly and has done enough to resolve matters, I've considered whether they provided adequate information about the impact of the deferral period on providing the partial settlement quotations and if their failure to provide them caused detriment to Mr W.

The Consumer Credit Act 1974 (CCA) is the relevant law here and it sets out borrowers are entitled to make partial early repayments and receive a rebate. It also explains borrowers must make the lender aware of their intention to settle early this is because the debt has to be calculated in a particular way.

I've reviewed Moneybarn's contact notes and I can see on 4 July 2020, Mr W requested partial settlement quotations for five different amounts ranging from £2,000 to £3,500. In order for the calculations to be correct, I believe it was reasonable for Moneybarn to say the arrears, due to the Covid-19 deferral period, had to be paid for the account to be brought up to date. I know Mr W made a payment of £867 on 8 July 2020 in order to do so and the next day he requested partial settlement quotations for £2,000, £2,300, £2,500 and £2,750.

Generally speaking, when a borrower makes a lender aware they intend to settle the loan early or make a partial settlement, I would expect written confirmation of the quotation to be provided within seven days. In this case, due to IT system errors, Moneybarn was unable to do so and their notes indicate the issue was flagged to their finance and IT departments to try to fix the issue as the system was recording the deferral period was still in place even though the arrears had been settled and payment received. Although they were able to provide an early settlement quotation on 9 July 2020 for £4,315, the partial settlement quotation for the amounts of £2,000 and £2,500, weren't able to generate until 23 July 2020. However it doesn't appear these quotations were ever communicated to Mr W and the reason as to why is unclear.

Mr W said had they provided the quotations earlier, he would've made a partial settlement thereby receiving a greater rebate. When considering this complaint I must take into account the wider circumstances and the impact the Covid-19 pandemic was having on financial businesses such as Moneybarn and their ability to provide their usual service. I can appreciate they were extremely busy dealing with many requests for deferral periods from those who were struggling financially. This is likely to have caused a great strain and additional pressure on them. On that basis, I don't think the initial delay to generate the partial settlement quotations was beyond reasonable given the circumstances but as mentioned earlier, it's unclear why it wasn't communicated to Mr W once generated. I can't say they acted unfairly by not drawing to Mr W's attention, at the time of approving the deferral period, that they wouldn't be able to generate such quotations until the account was brought up to date.

While I've considered what Mr W has said about his intention to make a partial settlement, on balance, it's difficult to say what action he would've taken, if any, had the quotations been provided when requested. I say this because prior to the deferral period, he had requested quotations of varying amounts on a few occasions but hadn't taken any further action at that

point, such as making a partial repayment or settling the account in full. Even if I was to accept he would've made a partial repayment, it's not clear how much this would've been and the impact it would've had on the rebate amount.

Taking everything into account, while I accept there were some failings by Moneybarn, such as failing to provide the partial settlement quotation, I can't reasonably conclude financial detriment has been caused to Mr W. Moneybarn have already offered £50 compensation in recognition of their service and I think that's a fair resolution so I won't be asking them to do anything further.

### **My final decision**

For the reasons set out above, I've decided not to uphold Mr W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 3 September 2021.

Simona Charles  
**Ombudsman**