

The complaint

Mr S is unhappy Moneybarn No. 1 Limited passed on a debt to a third party debt purchaser.

What happened

Mr S took a conditional sale agreement with Moneybarn in May 2018 to acquire a used car.

Unfortunately, in October 2018 the car was written off and Mr S's insurer deemed it a total loss. This left Mr S with a balance still owed to Moneybarn after the insurer paid out on the claim.

In September 2019 a repayment plan was set up for the outstanding balance, with initial repayments of £50 a month. Mr S made the initial repayments but was surprised to see later payments not being collected.

Mr S says that in February 2020 he checked his junk email and discovered the debt had been passed on to a third party I'll refer to as 'R'. He complained to Moneybarn.

Moneybarn issued its final response in May 2020. It explained Mr S's debt had been passed on to R after he had made three repayments to the plan. It pointed out some terms and conditions which it said allowed it to do this. And it explained it had recorded the agreement as settled on Mr S's credit file with no late payments. So, it said Mr S hadn't lost out and it wasn't upholding his complaint.

Mr S remained unhappy and brought his complaint to our service. He said he's lost out by the debt being passed on as payments weren't collected. And he said he was unhappy Moneybarn didn't tell him what happened at the time. He asked for the debt to be recalled by Moneybarn and to be written off.

Our investigator issued a view explaining he wasn't upholding the complaint. He said, in summary, that funds were not taken from Mr S's account once the debt had been passed on, so he didn't think he'd lost out. He said he could see why Mr S was upset Moneybarn didn't tell him the debt had been passed to R but explained it didn't have to do this.

Mr S was unhappy with this. He says the debt could've been paid off quicker if Moneybarn hadn't passed it onto R.

The case was passed for an ombudsman's decision. Mr S then sent us some details about R and said they had sent bailiffs round to a family member's house.

I sent Mr S and Moneybarn a provisional decision on 21 September 2021. This explained I was thinking of coming to a different outcome to that our investigator reached. My findings from this decision were as follows:

Mr S complains about the administration of a conditional sale agreement. Providing and maintaining consumer credit agreements like this is a regulated activity, so I'm satisfied I can consider Mr S's complaint against Moneybarn.

I've considered the terms and conditions Moneybarn provided which Mr S agreed to when he took the conditional sale agreement. Moneybarn referred to a specific part of these that says:

"we will share your information with our associated group companies for the following data usage

- Arrears and debt recovery and debt sale activities"*

I should point out that I'm not sure if R is an 'associated group company'. But, either way, looking at the terms and conditions it seems there is a more relevant term that would apply here. This says:

"We may transfer our rights and duties under this Agreement to any other person in a way which we reasonably believe will not adversely impact you. We will give you prior written notice before any transfer. You are not permitted to transfer to another person your rights and obligations under this Agreement."

Thinking about this along with the relevant rules and guidance, I'm satisfied Moneybarn were entitled to pass Mr S's debt onto R. But, according to its own terms and conditions it should've given him prior notice of this – which I'm satisfied it didn't do. So, I've gone on to consider the impact this had on Mr S.

I understand Mr S isn't happy Moneybarn didn't tell him the debt was sold on. And, I can understand this must have confused things for a short period before he became aware of what happened. And, I'm satisfied this means Mr S was caused some distress and inconvenience. But, while I can understand Mr S's point, I can't see this has affected things longer term or had a financial impact on him.

Mr S argues the debt would've been repaid sooner had Moneybarn kept it. But I don't agree. The repayments weren't taken from Mr S's account by Moneybarn once the debt was passed on, so he still would've had the funds to pass onto R and reduce the debt by the same amount. If Mr S spent these funds, then he's had use of them so hasn't lost out here.

I've thought about what Mr S told us about actions taken by R, including sending representatives to his family member's address. But, I don't think Moneybarn are responsible for this. Mr S may want to contact R about this directly if he is unhappy.

In summary, I'm satisfied Moneybarn had a right to pass on the debt to R. I'm satisfied this didn't affect how quickly Mr S could've repaid the debt. But, I do think, according to its own terms and conditions, that Moneybarn should've told him the debt was being passed on. And I'm satisfied this caused Mr S some distress and inconvenience. I think Moneybarn should pay Mr S £50 to reflect this.

I gave both parties one month to come back with any further information and evidence. Moneybarn didn't respond. Mr S wrote to me with some details to consider. He said Moneybarn needed to do more and the debt should be written off.

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 still think this complaint should be upheld and I still think Moneybarn should pay Mr S £50 to put things right. I'll explain why.

I'd firstly like to reassure Mr S that I've carefully read and considered everything he said in reply to my provisional decision. My response here won't echo the length of what he sent to me. This isn't to be disrespectful, this just reflects the informal nature of our service.

Mr S explained in some more detail about what happened when his car was written off and the difficulties this led to. And he explained about some further actions of R and how this has affected him and his family.

I know Mr S is very upset about the debt being passed on to R. In his response, he said in my provisional decision that I agreed with him that Moneybarn were wrong to do this. To be very clear, this is not what I said. I explained I thought Moneybarn should've *told* him the debt was passed on, not that I thought it was wrong to pass it to R.

Having thought about this again, I'm still satisfied Moneybarn could do this. But, having said that, I'm also still satisfied Moneybarn should've told Mr S this was happening.

I was very sorry to read about what happened to Mr S and that this had an ongoing impact on his health. I've carefully considered what Mr S said about writing the debt off. But, I don't think this is reasonable.

When considering what is a fair award here, I'm only considering the impact on Mr S of what Moneybarn did wrong – i.e. it not telling him the debt was passed on. It's important to reiterate that, had it told him, the debt would've still been passed on to R at the same time.

This means, in other words, that I'm not considering the impact on Mr S of the general situation. This means I'm not making an award for the distress and inconvenience caused by the accident, the fact the car was written off, the valuation by the insurer, the subsequent debt, the payment plan, the debt being passed to R or the later actions by R.

I'm sure the overall impact of this situation on Mr S has been very significant as he's told us. But, I think the specific impact of Moneybarn not sending a letter or email to explain the debt was being passed on is only a minor part of this. As this is what I'm making an award for, I'm still satisfied £50 is fair and reasonable to reflect the distress and inconvenience caused.

As I explained in my provisional decision, if Mr S is still unhappy with the actions of R he should contact it directly to discuss this.

My final decision

My final decision is that I uphold this complaint and instruct Moneybarn No. 1 Limited to pay

Mr S £50.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 19 November 2021.

John Bower
Ombudsman