

## **The complaint**

Mr H is unhappy with how Moneybarn No. 1 Limited treated him after he fell into financial difficulty.

## **What happened**

In August 2018 Mr H was supplied with a used van through a conditional sale agreement with Moneybarn. The agreement was for £8,599, with an initial payment of £400, followed by 59 monthly payments of £281.91.

Mr H said that Moneybarn failed to respond promptly to his request for a payment arrangement. He said he told them in April 2020 that his household income had been affected by the Covid 19 pandemic. He said they kept asking him to supply the same information, and their delays meant the amount of arrears on the account had increased. He said Moneybarn also rejected his offers to repay the arrears.

Mr H is unhappy with how long it took Moneybarn to respond to his various emails and calls. He said his arrears would be lower if Moneybarn had accepted his offer. He said he now has a higher settlement figure than the original one because of their delays.

Moneybarn said Mr H first contacted them about his financial difficulties in November 2019. They said that they responded by providing him with his options to end the agreement early.

On 4 February 2020 they issued a default notice to Mr H advising him of arrears on his account of £1,838. They said Mr H responded by asking if the early exit options he'd been given in November 2019 were still available. Moneybarn said they responded by sending an updated version of the options to Mr H.

They said Mr H then asked what the minimum amount was he needed to pay to clear the arrears and continue with the monthly payments. Moneybarn said they asked Mr H to complete an Income and Expenditure form so that they could ensure any payment plan was affordable for him. They said Mr H told them he was unable to complete the form so they arranged to do this by phone. This didn't happen due to an increase in calls, and staffing issues Moneybarn said were caused by the pandemic.

They said Mr H's direct debit due on 31 March 2020 failed, and on 17 April 2020 they provided him with details of independent organisations who could provide debt advice.

They said Mr H contacted them on 21 May 2020 and offered to increase his monthly payment to £300. They responded two weeks later informing him they still required an income and expenditure form before they could agree a payment plan.

They said Mr H provided an Income and Expenditure form on 30 June 2020. He'd offered a monthly repayment of £300, inclusive of the normal monthly payment of £281.

They said Mr H contacted them again on 6 August 2020 to tell them his wife had lost her job and his household income had reduced. Two weeks later they advised Mr H they would

need a revised income and expenditure form due to the change of circumstances. They said Mr H didn't complete a revised Income and Expenditure form, but submitted the same details as he'd provided before his wife lost her job.

They told Mr H they were unable to discuss a payment plan until he'd provided an up to date Income and Expenditure form. They said they had to ensure that any new payment arrangement was sustainable and affordable for him.

Mr H brought his complaint to our service as he wasn't happy with their response. He said he'd tried for more than five months to agree an arrangement, but his offers were not acknowledged. He also said he had submitted an up to date Income and Expenditure form.

Mr H was unhappy with Moneybarn's response, and he brought his complaint to us for investigation.

Our investigator didn't uphold Mr H's complaint. He said that Moneybarn had notified Mr H of the arrears on his account, and issued default notices setting out what action may be taken if the arrears weren't paid. He acknowledged that Mr H had offered to pay £300, but felt that it was reasonable for Moneybarn to ask him for an Income and Expenditure form so that they could consider whether or not Mr H could afford to pay this amount. And he also said it was reasonable for Moneybarn to ask Mr H to provide an updated version when he declared the change in household circumstances. He was also satisfied that Mr H had submitted the same version of the form on three different occasions.

Mr H disagreed. He said he was unhappy with how long it had taken Moneybarn to respond to his emails and calls. He said that he wouldn't be in so much arrears if Moneybarn had accepted his offer. And he said that he had submitted updated versions of the income and expenditure form. He said that he was also unhappy that Moneybarn had responded to his request for a payment arrangement in different ways on each occasion he made an offer.

Because Mr H didn't agree with the investigator, the matter has been passed to me to make a final 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.

Having done so, I have reached the same overall conclusions as the investigator, and for broadly the same reasons. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome.

In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and what I consider was good industry practice at the time. Mr H was supplied with a car under a conditional sale agreement. This is a regulated consumer credit agreement which means we're able to look into complaints about it.

I'd like to reassure the parties that I've considered and read everything they've said and sent us. But, in line with this service's role as a quick and informal body I'll be focusing on the crux of Mr H's complaint in deciding what's fair and reasonable here. That is whether or not Moneybarn's delays and failure to respond led to an increase in his arrears.

### ***Income and Expenditure forms***

Moneybarn had provided Mr H with the options to exit the agreement in 2019 when he was also in arrears in 2019. At that time Moneybarn agreed repayment plans with him. Mr H failed to adhere to these plans, so I can see why Moneybarn would want to ensure he could afford an any new arrangement.

Mr H asked in February 2020, if the exit options were still available to him. Moneybarn confirmed they were. Mr H then asked what his minimum payment would be if he wanted to keep the van.

Moneybarn responded informing Mr H they would need to understand his current financial circumstances and why he'd missed payments. It was at this point that they also explained to Mr H why they need an Income and Expenditure form.

Mr H told Moneybarn he was unable to complete the form. He said he'd attempted to contact a debt charity but he said they couldn't help him. Moneybarn were also unable to help him as they'd closed their phonelines due to the Covid pandemic. They resent him the links to debt charities that could provide an income and expenditure form. They also advised him to see independent advice.

In May 2020 they told Mr H he would need to pay more than his monthly payment to clear the arrears, and told him again they would need the Income and Expenditure form. It was at this point Mr H offered to pay £300 a month.

Moneybarn told him they weren't able to accept the offer without the income and expenditure form as they needed to assess whether or not this was affordable. Mr H completed the form and returned it, repeating his offer of £300. But they returned it to him as it wasn't complete – it didn't include this agreement.

This to-ing and fro-ing continued in June and July 2020. In August 2020 Mr H told Moneybarn that his wife had lost her job. Moneybarn replied saying they couldn't consider his latest offer without an up to date Income and Expenditure form showing accurate household income.

I'm satisfied that it was reasonable for Moneybarn to ask Mr H for accurate income and expenditure figures. Regulated firms like Moneybarn have to follow rules and guidance set by The Financial Conduct Authority (FCA), the industry regulator. These are set out in The FCA Handbook. They say that firms must treat consumers in financial difficulty with forbearance. This includes allowing the deferment of payment of arrears where immediate payment would increase the customer's payments to an unsustainable level. But they can only do that if it doesn't extend the term for the repayments excessively.

It's reasonable for Moneybarn to consider Mr H's full income and expenditure before it made a decision on his offer. The two versions of the form he sent are not identical, but they are dated the same, and they are incomplete. This is a key document and I can see why Moneybarn wanted to be certain it included full and accurate details of Mr H's household income, and all his expenditure. So I don't think their requests were unreasonable.

Mr H said they didn't ask him for a new version after he told them about his wife losing her job. But he has provided a copy of the message he received from Moneybarn on 12 August 2020 in which they did so.

So I don't think their requests were unreasonable. I can see that both parties failed to respond by deadlines they'd been set, but I can't see that Moneybarn deliberately caused any delay.

### *Payment offers*

Mr H says that Moneybarn did not respond to his emails. He said he'd made many offers to repay a monthly amount towards his arrears, and Moneybarn's failure to consider or respond has left him owing more than if they'd responded promptly.

Mr H made his first offer to pay £300 in May 2020. At this point he was in arrears by £2,402.

Moneybarn told him they wouldn't accept the offer until they could consider whether this was affordable and sustainable. I've explained above why I felt it was reasonable for them to seek this information from Mr H, and I've said why I don't think they deliberately delayed the process.

I can see from the statement of account that Mr H made just one payment towards the account from December 2019 to August 2020. I'm satisfied this is the main reason for the increasing arrears, not any delay by Moneybarn.

Mr H could've continued making the regular monthly payments during this period. This would've prevented the arrears increasing every month.

I've explained above why I think Moneybarn has acted reasonably.

Mr H is still in arrears. I'd expect Moneybarn to consider his current financial situation and treat him with appropriate forbearance when considering an affordable payment plan to clear the arrears. I think this is fair and won't be asking them to do anymore.

### **My final decision**

For the reasons explained, I don't uphold Mr H's complaint about Moneybarn No. 1 Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 20 May 2022.

Gordon Ramsay  
**Ombudsman**