

The complaint

Mr P complains about the adverse information that Moneybarn No. 1 Limited has recorded on his credit file in relation to a conditional sale agreement under which a car was supplied to him.

What happened

A used car was supplied to Mr P under a conditional sale agreement with Moneybarn that he signed in June 2014. He was experiencing financial difficulties and didn't make all of the payments that were due under the agreement between January and May 2016 so a default notice was issued to him in April 2016. He didn't take the action required by the default notice so the agreement was terminated in May 2016 and the car was repossessed. The car was sold at auction and Moneybarn deducted the sale proceeds from the amount that was owed by Mr P. Moneybarn agreed to reduce the amount owed by Mr P by £853.84 in May 2019 and it transferred his debt to a third party in December 2020. I understand that the balance of the debt has since been written-off.

Mr P complained to Moneybarn in January 2021 and it responded to his complaint in detail. It described what had happened and accepted that the level of customer service that he'd received had fallen below its expected standards so it agreed to pay him compensation totalling £100. It said that it had ceased reporting an outstanding balance to the credit reference agencies in January 2020 but the termination of his agreement would remain on his credit file for six years.

Mr P wasn't satisfied with its response so complained to this service. He says that he's provided medical evidence to Moneybarn and it should remove the adverse information from his credit file, apologise to him and pay him compensation. Our investigator didn't recommend that his complaint should be upheld. He thought that there was enough information to show that Moneybarn had treated Mr P fairly, reasonably and with due forbearance and that, where it admitted fault, it had done enough to put things right. He said that Mr P's account was showing as having been written-off which is what he would have expected as it was unlikely that Mr P would have been able to repay the remaining balance – but he didn't think that Moneybarn had made a mistake by continuing to report the agreement as settled with a default. He thought that Moneybarn's offer to pay him £100 was fair compensation given everything that had happened.

Mr P has asked for his complaint to be considered by an ombudsman as he doesn't agree with our investigator's recommendations and thinks that they're unacceptable.

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 agree with the conclusions reached by our investigator for these reasons:

- Mr P signed a conditional sale agreement with Moneybarn in June 2014 and agreed to make an initial payment of £581 and then 47 monthly payments of £241.39 for a car to be supplied to him;
- the account statement that's been provided by Moneybarn shows that he made the monthly payments between August 2014 and December 2015 but the direct debit for the payment due in January 2016 was returned unpaid, he made a card payment to Moneybarn later than month but then didn't make any further payment to Moneybarn;
- Moneybarn's records show that it tried to contact Mr P multiple times by phone and e-mail without success so it issued a default notice to him in April 2016 - as he'd not made three consecutive monthly payments that were due to it and not responded to its attempts to contact him, I consider that it was fair and reasonable for it issue him with a default notice at that time;
- he didn't take the action required by the default notice so, after further unsuccessful attempts to contact Mr P, Moneybarn terminated his agreement – I consider that it was fair and reasonable for it to have terminated his agreement at that time;
- the car was repossessed and sold at auction and the sale proceeds were applied to Mr P's account;
- Mr P has contacted Moneybarn about his financial difficulties and it made two offers to reduce the amount that he owed and then reduced it by £853.84 in May 2019;
- Mr P's debt was transferred to a third party in December 2020 and I understand that the debt has now been written-off which I consider to be the correct outcome as, given his financial difficulties and medical issues, there was no reasonable prospect of the debt being repaid – and Moneybarn says that it ceased reporting an outstanding balance to the credit reference agencies in January 2020;
- I consider that Moneybarn has responded positively and sympathetically to Mr P's financial difficulties - as it's required to do;
- since the debt was transferred to the third party Mr P has provided information about his medical issues – I sympathise with him for those issues but I've seen no evidence to show that Moneybarn knew, or ought reasonably to have known, about his medical issues before he provided that information to it – and I'm not persuaded that it should have taken any different action because of his medical issues;
- Moneybarn is required to provide true and accurate information about a customer's payment history to the credit reference agencies – it has reported missed payments and the default to the credit reference agencies and, as I consider that to be a true and accurate record of Mr P's payment history, I'm not persuaded that it would be fair or reasonable for me to require Moneybarn to remove that information from his credit file;
- the default will have been recorded in about May 2016 and I would expect it to remain on Mr P's credit file for six years so it's likely that it will be removed from his credit file in about May 2022;
- Moneybarn paid £100 to Mr P in March 2021 because it accepted that the customer service that it had provided to him had fallen below its expected levels; and
- I sympathise with Mr P for his financial difficulties and for the difficulties in securing new rented accommodation that he's described because of the information on his credit file – but I'm not persuaded that it would be fair or reasonable in these circumstances for me to require Moneybarn to pay him any compensation or to take any further action in response to his complaint.

My final decision

My decision is that I don't uphold Mr P's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 5 January 2022.

Jarrold Hastings

Ombudsman