

The complaint

Mrs H complains that Moneybarn No. 1 Limited (Moneybarn”) have given her an incorrect early settlement quote.

What happened

The details of this complaint are well known to both parties, so I won't repeat them again here. Instead I'll focus on giving my reasons for my 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.

I know it will disappoint Mrs H, but I agree with the investigator's opinion. Please let me explain why.

Where the information I've got is incomplete, unclear, or contradictory, as some of it is here I have to base my decision on the balance of probabilities.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

I've no reason to think that the settlement calculation carried out by Moneybarn is incorrect.

I've looked at the conditional sale agreement. This states at the top that it is regulated by The Consumer Credit Act 1974.

The Consumer Credit Act covers several areas of consumer credit including the content and form of credit agreements and the procedures relating to default, termination, and early settlement. In relation to early settlement the Consumer Credit Act says that settlement figures should be calculated using the rules set out in the Consumer Credit (Early Settlement) Regulations 2004. Those are the rules that Moneybarn have explained they have applied here.

In cases of early settlement, if the consumer decides to pay off all or part of a credit agreement before the end of the term, they do not have to pay the full amount of interest stipulated in the agreement. Instead the total amount of interest which would have been payable over the term is reduced by a statutory rebate. Whilst I understand that Mrs H had hoped to save more by paying off the agreement early I can't say I've seen any evidence that Moneybarn haven't applied the calculations in the applicable regulations correctly.

I'm therefore not persuaded there is sufficient evidence that Moneybarn need to take any further action.

My final decision

For the reasons I've given above I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 10 February 2022.

Phillip McMahon
Ombudsman