

The complaint

Miss W is unhappy with how Moneybarn No.1 Limited dealt with her request for assistance as a result of the Coronavirus (Covid-19) pandemic.

What happened

On 3 July 2020, Miss W was supplied with a used car through a conditional sale agreement with Moneybarn. The agreement was for £5,450 over 60 months; with an initial payment of £1,000 and 59 monthly repayments of £178.67.

Miss W says she applied to Moneybarn for a payment deferral, as her income had been affected by Covid-19. And, because she didn't hear anything, on 25 February 2021 she chased Moneybarn for a response. Moneybarn said they had no record of any application being received, and they agreed to put her account on hold while Miss W resubmitted her request. They also told her that any missed payments could be reported to the credit reference agencies, and the car may be at risk of repossession.

Miss W wasn't happy with Moneybarn's response, and she brought her complaint to us for investigation. To put things right, Miss W asked for a two-month payment deferral to be applied to her account, without her needed to resubmit her application, and without having to either repay the missed payments or have the agreement extended.

Our investigator said he'd seen no evidence, for example an application or an email or letter confirming receipt of an application, to show that Miss W had requested a payment deferral. And he thought Moneybarn had acted reasonably by asking Miss W to resubmit her request, and by putting her account on hold to give her time to do this.

He also thought Moneybarn had acted reasonably by giving Miss W factual information about what could happen if payments were missed. So, he didn't think Moneybarn needed to do anything more.

Miss W didn't agree with the investigator. She said that she'd provided all of the information Moneybarn had asked for and *"if that had not been provided that is not on me."* She also thought Moneybarn had acted unprofessionally by not acknowledging her request for a payment deferral and by not dealing with her application.

Because Miss W didn't agree with the investigator, this 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've 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 (if appropriate) what I consider was good industry practice at the time. Miss W 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.

The Financial Conduct Authority (FCA) issued temporary guidance on 24 April 2020, that came into effect on 27 April 2020, about customers who were faced with payment difficulties as a result of Covid-19. This allowed financial businesses such as Moneybarn to grant a three-month payment deferral to people like Miss W. The guidance said that *"a firm should grant the customer a payment deferral for 3 months unless the firm determines (acting reasonably) that it is obviously not in the customer's interests to do so."*

As Moneybarn had an obligation under the guidance to ensure any payment deferral was in the customer's best interests, I'm satisfied that any request must be considered, and not just automatically approved. Given this, I don't think that Moneybarn have done anything wrong by asking customers to make an application for a payment deferral, providing sufficient information for them to make a fair assessment of their circumstances.

Miss W has said that she applied to Moneybarn for a payment deferral. And I don't doubt that was the case. But I haven't seen anything to show me that Moneybarn ever received this application. And I can't say that Moneybarn did something wrong by not actioning something they hadn't received.

When Miss W spoke to Moneybarn about this in February 2021, they explained they'd not received the application. And they put the account on hold to allow her to resubmit her request. For the reasons stated above, I'm satisfied that Moneybarn would've needed to receive an application in order to assess whether a payment deferral was in Miss W's best interests; so I think giving her time to resubmit her request was a reasonable course of action. And was what I'd have expected them to do.

As Miss W has not resubmitted her request, then Moneybarn haven't had an application to consider. And, as such, they haven't done anything wrong by not agreeing a payment deferral for Miss W.

In the phone call she had with Moneybarn, Miss W also told them that she was going to cancel her direct debit. As such, Moneybarn explained the potential consequences of doing this, and not making payments. I'm satisfied this was factual information given at the appropriate time and wasn't meant as any form of threat. So, I also don't think Moneybarn did anything wrong by providing this to Miss W.

Given the above, and while I appreciate it will come as a disappointment to Miss W, as I don't think Moneybarn did anything wrong, I won't be asking them to take any further action.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 25 April 2022.

Andrew Burford

Ombudsman