

The complaint

Miss F is unhappy which how much Moneybarn No.1 Limited sold a car for after she'd surrendered it under a conditional sale agreement she had with them. She's also unhappy with the total amount repayable under the agreement.

What happened

In October 2018, Miss F was supplied with a used car through a conditional sale agreement with Moneybarn. She paid a deposit of £400 and the agreement was for £12,580 over 60 months, with monthly payments of £494.13.

Miss F fell behind with the payments and, in August 2019, the agreement was terminated because of the arrears. In October 2019 she signed a Consent Order, agreeing to a repayment plan so she could keep the car. The Order detailed the amount outstanding under the agreement, including the fees and arrears.

Miss F's financial situation changed, and in December 2020 she asked if she could return the car. The car was collected and later sold at auction for £7,500. This left £12,548.89 outstanding on the agreement, which Miss F was still required to pay.

Miss F complained to Moneybarn that they'd sold the car for less than its value, and that she'd been overcharged under the finance agreement when she was supplied with the car. Moneybarn didn't think they'd done anything wrong, so Miss F brought her complaint to us for investigation.

Our investigator said the agreement Miss F originally signed clearly detailed the total amount payable. And he thought it was reasonable for Miss F to have been aware of the purchase price of the car, as well as its condition, including the age and mileage. So, he thought it was her choice to take the car at the price offered, and if she wasn't happy with any detail of the car, she had the option to negotiate the sale price, or walk away from the sale. And, because Moneybarn weren't involved in the sales process, it wasn't for them to ensure the sale price reflected the age, condition, and mileage of the car.

The investigator also said that Miss F was provided with pre-contract information, and a copy of the finance agreement, which clearly set out the costs of the agreement. And, when she signed the Consent Order, this also detailed the amount outstanding. So, he thought Miss F had been adequately advised at both the outset of the agreement, and when the repayment plan was agreed.

Finally, the investigator said Moneybarn have no control over the price someone is willing to pay for a car at auction. And that he hadn't seen any evidence that the car was sold for substantially below its market value. So, he didn't think Moneybarn had done anything wrong, or that they needed to do anything more.

Miss F didn't agree with the investigator. She said the car had 95,000 miles when it was financed, and she did an additional 25,000 miles while it was in her possession. So, she didn't think the figure Moneybarn charged was reflective of the car's worth, and that

“Moneybarn were not supposed to finance a car over 80,000 miles.” Because of this, she’s asked for an ombudsman 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. Miss F was supplied with a car under a conditional sale agreement. This is a regulated consumer credit agreement which means we’re able to investigate complaints about it.

I’ve seen a copy of the agreement Miss F electronically signed on 9 October 2018. The agreement clearly states the amount of credit (£12,580), the interest rate (48.9%), and the total amount payable under the agreement (£29,553.67). It also confirms the details of the car Miss F was being supplied with, and the price she’d agreed to pay for this.

I’m satisfied that the terms of the agreement, and the overall costs involved, were made clear to Miss F at the outset. And I haven’t seen anything to show me that Miss F signed the agreement under duress. Given this, I’m satisfied that Miss F made a reasoned decision to accept the terms of the agreement. And, if she was unhappy with the overall costs involved, she could’ve chosen to either finance the car through a different finance provider, or not to have taken the car.

Miss F has also indicated that she overpaid for the car. Again, she was fully aware of the price and condition of the car, including its age and mileage, at the outset. And, with no evidence that she was in some way forced to purchase the car, I’m satisfied she could’ve chosen to negotiate the purchase price, or walk away from the sale, if she wasn’t happy.

What’s more, I haven’t seen anything to show me that Moneybarn were unable to finance a car with more than 80,000 miles on the clock. So, I don’t think they acted improperly or illegally by offering Miss F the finance.

The statement of account shows that Miss F started missing payments in December 2018 and, by July 2019, Moneybarn had issued a default notice. This notice, dated 9 July 2019, confirmed the outstanding balance was £27,346 41, although Miss F would receive an interest rebate if the agreement was settled early.

The Consent Order, which Miss F signed on 20 October 2019, confirmed the outstanding balance, inclusive of court ordered costs, was £26,760.90. And, in a letter dated 14 January 2021, Moneybarn advised Miss F that the outstanding balance was £19,986.98.

As such, not only am I satisfied that Miss F was aware of the total amount payable at the outset, Moneybarn also advised her of the total amount payable at key points throughout the time she was in possession of the car.

When Miss F asked to return the car, Moneybarn's notes indicated they expected the value of the car to be around £11,700. But, given its age, mileage, and condition; on the day of the auction the car only sold for £7,500. I can't hold Moneybarn responsible for the car not achieving the sale price either they or Miss F expected, and I haven't seen anything to show me that Moneybarn specifically instructed that for the car should be sold for a lower price. So, I don't think Moneybarn did anything wrong in accepting the highest bid.

I appreciate that, in hindsight, Miss F may feel she entered into a bad bargain. She paid more for the car in 2018 than she now thinks it was worth at the time. And she took out an agreement which, due to changes in her circumstances, she couldn't afford to keep paying. Which resulted in the car being sold and the outstanding balance under the agreement still needing to be paid. But Miss F made free and fully informed choices in 2018, and what subsequently happened doesn't mean that Moneybarn acted incorrectly. So, for these reasons, I won't be asking them to do anything more.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss F to accept or reject my decision before 16 June 2022.

Andrew Burford
Ombudsman