

## **The complaint**

Mr B complains that Moneybarn No. 1 Limited treated him unfairly when he was late making payments due under a car finance agreement and requested a payment holiday.

## **What happened**

Mr B took out a conditional sale agreement (CSA) for a used car in 19 June 2019. He agreed to pay back what he borrowed plus interest over 60 months. Each monthly payment was due on the first of the month and Mr B made his payments on time by direct debit until he missed a payment in January 2021. He made the payment in full manually a few days later. This happened again in February and March – Mr B made the payment but not on the due date. And Moneybarn said the account was one month in arrears and reported late payments on his credit file. Mr B thinks this was unfair and Moneybarn was unhelpful when he tried to explain about his financial and other issues impacted by the pandemic.

Mr B had complained to Moneybarn previously and it issued a final response to that complaint (and paid £75 compensation) in December 2020- for problems with account access. Moneybarn issued a final response in relation to the current complaint on 1 June 2021 saying it considered arrears had been reported correctly to credit reference agencies (CRAs). Moneybarn acknowledged however that Mr B's concerns may not have been addressed fully in earlier correspondence and paid him £50 compensation for distress and inconvenience associated with that.

Mr B remained unhappy and he referred the matter to our service. Our investigator didn't recommend the complaint should be upheld. He was satisfied that Mr B's payment schedule is monthly and a payment made after the due date is late and liable for reporting to CRAs. He didn't think it was unfair of Moneybarn to refuse to change the date that Mr B's monthly payment was due when he asked - because it would have increased the arrears. He considered Moneybarn's offer to set up a payment plan was fair and it shouldn't have to do more.

Mr B didn't agree and he asked for an ombudsman to review the matter. He feels that Moneybarn didn't understand his situation and failed to provide help when he needed it. He found some of the correspondence and contact with Moneybarn was patronising and didn't address his individual circumstances. He wants Moneybarn to apologise and defer one payment to the end of the agreement – or waive a monthly payment as compensation - and rectify his credit file.

Having considered the available evidence, I was minded to uphold the complaint. I thought it was fair to give the parties the chance to see my provisional findings and make further submissions (if they wanted to) before I made my final decision. So, I issued a provisional decision on 7 April 2022. I've set out below what I decided provisionally - and why. This forms part of my final decision.

## **My provisional decision**

Where evidence is incomplete, inconclusive or contradictory (as some of it is here), I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in the light of the available evidence and the wider circumstances.

I hope Mr B will understand that I've had to summarise what he's told us about his complaint somewhat in this decision. I want to assure him, if I don't address every point that's been raised, it's not because I haven't thought about it. I have considered everything the parties have said and sent to us. But, I'm going to concentrate on what I think is key to reaching a fair and reasonable outcome. The rules that apply to the Financial Ombudsman Service allow me to do this and it reflects our role - which is to resolve disputes between financial businesses and their customers informally.

I have to take account of law and regulations, regulators' rules, guidance and standards, and codes of practice and good industry practice (where appropriate), when I make my decision. I'm not a regulator however, I don't have the power to investigate the way Moneybarn operates on a day to day basis. And it's not within my remit to punish Moneybarn, or any individual employee. My job is to consider the evidence provided by both parties, without taking sides, and decide what I think is a fair and reasonable outcome, in all of the circumstances of this particular complaint.

In order to decide if Moneybarn acted fairly here, I've thought about what it did to support Mr B when he experienced financial problems near the beginning of 2021. As a starting point, I reviewed Moneybarn's contact notes - which seem to be contemporaneous and fairly consistent with events. I'm not sure however if these contain all of the contact between Mr B and Moneybarn at the relevant time. I say this because the notes set out some calls and correspondence from Moneybarn to Mr B but I've also seen other correspondence between them that isn't included.

Mr B has also told us that he had more extensive contact with Moneybarn around the relevant time which doesn't seem to be present. And the contact notes refer to issues raised via the online portal, which I don't think I've seen. The investigator asked Moneybarn about this but we haven't had a response. I'm satisfied that I have sufficient information nevertheless to determine the matter fairly and reasonably. And, in any event, the parties have a further opportunity now to supply additional information (if they want to) in response to this provisional decision.

It doesn't seem to be in dispute that Mr B didn't make some of his monthly payments on the exact date they were due near the start of 2021. It looks as if he made all his payments before that on time - there's no suggestion he was in financial difficulties previously. From the contact notes I've seen, I'm satisfied that Moneybarn wrote to Mr B in February 2021 to let him know (amongst other things) that he could apply for a "payment holiday" online.

I think this refers to guidance issued by the Financial Conduct Authority (FCA) in respect of financial difficulties arising as a result of Covid-19 for "exceptional and immediate support to customers facing payment difficulties due to circumstances arising out of coronavirus". The guidance came into effect in April 2020 and it was updated by the FCA a number of times during the pandemic. I've considered the relevant guidance carefully.

The guidance builds on existing principles which provide that firms must treat customers fairly and pay due regard to their interests and information needs - and communicate information in a way that's clear, fair and not misleading. Insofar as it's relevant here, the guidance provides (broadly speaking) that eligible customers (those not in pre-existing financial difficulties) could ask for a payment deferral for a period of three and up to six months (from July 2020). It was open to customers to apply for such Covid support until 31 March 2021.

*Did Mr B request a payment holiday ?*

It's not clear to me if Mr B ever made any attempt to apply online for a payment deferral. I think he probably didn't - and that may be because he lost confidence in the online system due to issues he had the previous year.

I can see that Moneybarn wrote to Mr B in March 2021 and asked him to explain why he'd missed payments. This was a relatively short and straightforward email and Mr B responded the same day indicating that he was grateful for this correspondence in plain terms. He referenced his poor mental health and went on to explain that his payment problems were temporary and they'd arisen because he missed work when he had to isolate several times due to concerns about Covid over the previous few months.

Moneybarn responded the following day and (a different case handler) suggested (again) that Mr B could apply for a payment holiday but he'd need to complete an income and expenditure form. It looks as if Mr B responded four days later (on 29 March 2021). I think it's fair to say he was somewhat upset at this point and felt, I think, that he hadn't been listened to. I acknowledge Mr B had said previously that he believed that it was wrong of Moneybarn to consider his payments were late because they were made in the month they were due. But, I think he'd also made it fairly clear by this point that he wanted a payment holiday and why.

Moneybarn rejected that request on 30 April 2021 saying –

*“unfortunately, we can only offer Payment Holidays to support those who have been financially impacted directly by the Coronavirus Pandemic and therefore are unable to offer Payment Holidays to allow you to catch up on previous missed payments. In addition to this, we were only able to offer Payment Holidays for direct COVID impact, before 31st March 2021, under guidance of the Financial Conduct Authority and as a result are unable to accommodate your request for a payment holiday. Due to the timescales set out by the Financial Conduct Authority, applying a new period of payment holiday after 31st March 2021 is not possible”.*

I think this probably felt most unsatisfactory for Mr B because - as far as he was concerned - he'd explained already that his payment problems arose due to Covid and he requested a payment holiday *before* 31 March 2021. It's not entirely clear to me what happened next. The contact notes suggest that Mr B contacted Moneybarn the following month to raise a complaint because he hadn't been given a payment holiday. I note the complaint handler recorded at the time that *“cust had requested [this] prior to end of March”*. I'm inclined to agree that Mr B had asked for a payment holiday before the end of March 2021. I'm not certain, from the information I've got, why this wasn't actioned at that time. I can see the complaint handler in May noted *“will still need I&E and evidence to support request”*. So, I think Moneybarn probably wanted more information about Mr B's income and expenses.

I realise Moneybarn may also say Mr B didn't always respond when it tried to get in touch about that and some of his correspondence raised other points (about the timing of payments and the like) or was generally unhelpful. However, I've seen nothing to suggest that Moneybarn sent Mr B an income and expenditure form to complete in March 2021 (or before that). And, even if it did, I think it would have been reasonable for Moneybarn to have considered if it actually needed such information in this particular situation.

I'm satisfied the overall intention of the FCA Covid guidance was to provide immediate help for customers in difficulty. The guidance makes it clear that there's no expectation that firms undertake extensive checks. And, whilst firms can choose to make enquiries to satisfy

themselves that a customer is eligible and would benefit from support, that's provided this doesn't delay the provision of timely support.

Looking at the amount of arrears here, Mr B's previous history of regular payments, his fairly detailed explanation about why he missed a payment and the timing of his request for a payment holiday along with other information Moneybarn had at the time, it's difficult to see why Moneybarn didn't agree to his request. Again, we've asked Moneybarn for more information about this but it hasn't replied

*Should Moneybarn have done more to assist ?*

I think the crux of Mr B's complaint is that he feels Moneybarn didn't take proper account of his mental health and communication issues and it should have allowed him to defer one monthly payment so he could get straight after experiencing Covid related financial problems. I think the complaint handler in May 2021 understood that Mr B's complaint centred around the rejection of his request for a payment holiday. So, it's difficult to see why the final response in June 2021 didn't mention this - or explain why he didn't qualify. I think that was probably upsetting for Mr B - when he was already very stressed and anxious - and he'd explained previously that he felt Moneybarn's correspondence was scripted and didn't really address his problems.

I'm satisfied that Moneybarn was aware of Mr B's mental health issues before April 2021. I think it's likely the pandemic had an adverse impact on Mr B's mental health around the time we're looking at - making the issues he'd already told Moneybarn about worse. It looks as if Moneybarn realised this - I can see a case handler acknowledged Mr B's difficulties and signposted help for mental health in an email on 3 April 2021. I accept that was supportive but I don't think it went far enough, in these particular circumstances.

I consider it would have been reasonable for Moneybarn to take further steps earlier to communicate with Mr B in a way that was more appropriate for him. I can see Moneybarn tried to contact Mr B by phone a number of times but there was no response. I don't think that's surprising however as Mr B had told Moneybarn previously that he preferred not to speak on the phone due to mental health issues – but Moneybarn continued to send messages asking him to phone them to discuss the account.

I acknowledge Moneybarn also wrote to Mr B a number of times but I don't think this correspondence was always helpful. Moneybarn told Mr B in May 2021 for example, that he could apply to extend a payment holiday online if he already had one – when Mr B had been informed only a month before that it was too late for him to apply. I recognise Moneybarn had to make Mr B aware of certain things at times and some of this information is automated and, by definition, generic. But, I consider Moneybarn could have taken steps to intervene and provide information in a manual way more often to meet the needs of Mr B's individual circumstances. I can see Moneybarn did this on a few occasions and I think Mr B tended to respond more positively when that happened.

Taking everything I've seen so far into account, I'm satisfied that Mr B needed help from Moneybarn when he had financial difficulties as a result of the pandemic in the early part of 2021. I'm inclined to find Moneybarn should have made more effort to communicate with Mr B appropriately - before the 31 March 2021 deadline especially – in order to assist him. I think the failure to do so meant Mr B didn't get a payment deferral when he needed one, adding to his distress and anxiety.

*Putting things right*

It's impossible for me to be certain what would have happened if Moneybarn had offered

more appropriate help to Mr B in early 2021. I find Mr B's evidence around the reasons for his financial issues at the time seems plausible. I'm satisfied, on balance, it's likely he didn't make payments on time due to circumstances that were temporary, Covid related and outside of his control. I think he was probably entitled to a payment holiday - in accordance with the relevant FCA guidance – and would have received one if he'd been better supported.

In that case Mr B's credit file wouldn't have been impacted adversely and he would also have been able to apply for an extension in April 2021 (if he needed one) - which would likely have enabled him to get things back on track. I'm inclined therefore to find it fair, in these specific circumstances, for Moneybarn to remove any adverse information recorded on Mr B's credit file from January 2021.

As I've explained, I think Moneybarn made things worse for Mr B at an already difficult time. Having considered the impact on Mr B, I'm minded to find it is fair and reasonable for Moneybarn to refund one monthly payment as compensation for additional trouble and upset caused (on top of the £50 compensation it has paid already in relation to *this* complaint) and apply this to clear any outstanding arrears.

### **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 invited the parties to consider my provisional findings and make further submissions (if they wanted to) by 22 April 2022 and explained that I'd review all the evidence available after that and make my final decision.

Mr B accepted my provisional conclusions. Moneybarn hasn't responded or raised any objections. And I see no reasonable grounds to depart from my provisional decision in the circumstances. For the reasons set out, I remain of the view that it's fair and reasonable for Moneybarn to rectify Mr B's credit file and refund one monthly payment to compensate Mr B for distress and inconvenience (in addition to the £50 compensation paid already). It is open to Moneybarn to apply this refund towards any arrears, if appropriate.

### **My final decision**

For the reasons I've explained above, my decision is I uphold this complaint and I require Moneybarn No.1 Limited to refund one monthly payment and rectify Mr B's credit file.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 3 June 2022.

Claire Jackson  
**Ombudsman**