

The complaint

Mrs C complains that Moneybarn No. 1 Limited hasn't provided her with support it should have when she experienced financial issues due to the Covid-19 pandemic. She says she struggled to get hold of Moneybarn which meant her agreement was terminated.

What happened

Mrs C entered into a conditional sale agreement with Moneybarn in January 2019 to acquire a used car. The agreement was for 48 months, with monthly payments of £256. Mrs C says that she experienced financial issues due to the Covid-19 pandemic and tried to contact Moneybarn but struggled to get through. She says she tried to put an agreement in place for her payments, but these weren't accepted.

Moneybarn issued a final response letter in November 2021. It said that Mrs C was sent a default notice in April 2021 stating that the arrears needed to be remedied. There was then contact with Mrs C through May 2021 and she said she would be receiving £100 from a family member to pay towards her agreement. Mrs C sent in some income and expenditure information and then said she wanted to pay £100 a month. Moneybarn said this wasn't acceptable as Mrs C needed to make her contractual payments in order for it to consider a payment plan. Further discussions took place in which Mrs C said she had been offered a job but Moneybarn said it would need further details before setting up a payment plan. As the required information wasn't provided a payment plan wasn't set up and following further contact a default letter was sent in July 2021. As the required action wasn't taken, a termination notice was sent in August 2021. Moneybarn said it hadn't done anything wrong in regard to the actions taken.

Moneybarn noted Mrs C's comment about struggling to make contact. It acknowledged that Mrs C had tried to make contact, but it didn't agree that the call wait times were excessive. It said the options provided to Mrs C following the termination of her agreement were the ones that were available to her. It said the final billing notice was sent in September 2021 and Mrs C should make contact to discuss setting up a payment plan for the outstanding balance.

Our investigator didn't uphold this complaint. He thought it reasonable that Moneybarn would need to get a full understanding of Mrs C's financial situation before any payment plan was put in place. He said that Mrs C didn't complete an income and expenditure form and so Moneybarn wasn't able to establish how best to help. He noted that default letters were sent, and as Mrs C didn't meet the requirements of the July default notice her agreement was terminated. Our investigator thought Moneybarn had acted in line with the agreement terms and conditions and the relevant guidance and didn't think it had done anything wrong by taking the action it did.

Mrs C didn't agree with our investigator's view. She said she was in constant contact with Moneybarn having spent hours on the phone and sent over 50 emails. She said Moneybarn refused to accept any arrangement and only gave her unrealistic. She said she didn't refuse to speak to Moneybarn and did complete an income and expenditure form but her offer of

repayment was refused. She said she offered to resume her payments and pay £100 a month towards her arrears but this still wasn't accepted.

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 am sorry to hear of the issues Mrs C has experienced and understand that she feels she hasn't been fully supported or provided with reasonable options to enable her to keep the car. However, for me to uphold this complaint I would need to be satisfied that Moneybarn had done something wrong, not provided the support it should have, or treated Mrs C unfairly.

Mrs C entered a conditional sale agreement for a term of 48 months and agreed to make monthly repayments of £256. I have looked through the system notes and can see that Mrs C struggled to maintain her payments towards the end of 2019 and she was contacted about the arrears on her account. Because of this a payment plan was set up in December 2019.

Mrs C has explained that she was adversely affected by the Covid-19 pandemic and I can see that Moneybarn put a one-month payment deferral in place in March 2020. This was extended to a three-month payment deferral in May 2020 which was in line with the relevant guidance at that time. When the guidance changed to say six-month payment deferrals should be provided, Moneybarn contacted Mrs C about this. Over the following months Moneybarn notified Mrs C of the payments due and the arrears on her account. Therefore, I find it did provide a reasonable level of support at this time.

The arrears on Mrs C's account increased and Mrs C was contacted about this. I can see she made contact in March 2021 to say a family member was in hospital and she was needing to care for another family member. However, as further contact wasn't made and payments were missed, I do not find I can say that Moneybarn did anything wrong by issuing a default notice in April 2021.

Following the issue of the April default notice, there was contact between Mrs C and Moneybarn. Mrs C has explained that she felt she wasn't getting anywhere with her emails and that she had completed income and expenditure information. She said a family member was going to assist with payments and was asked to provide evidence of this. Following this it was identified that Mrs C wanted a payment plan for £100 a month rather than her normal payment plus an additional amount towards arrears and Moneybarn said this couldn't be accepted. Mrs C then suggested borrowing further money to meet the monthly repayments and not making payments towards other bills. Given this suggestion I find it reasonable that Moneybarn wanted to understand Mrs C's financial situation before accepting a payment plan. So, while I note Mrs C subsequently said she was no longer struggling and asked for a payment plan, I do not find that Moneybarn acted unreasonably by requiring further information before accepting this.

As a payment plan wasn't in place and noting the level of Mrs C's arrears, I do not think that Moneybarn did anything wrong by issuing a further default notice in July 2021. This explained the action that needed to be taken. As Mrs C didn't make the required payment and I do not have evidence that she made contact with Moneybarn before the expiry of the default notice, I do not find I can say that Moneybarn was wrong to move ahead with the termination of the agreement.

After the termination of the agreement, Mrs C made contact as agents were trying to collect the car. I can see that Mrs C had sent emails to Moneybarn around this time but Moneybarn has said these were responded to requesting Mrs C to call. I understand that Mrs C had tried to call and I appreciate that spending time waiting would have been frustrating but the contact records shows she was successful in getting through on 17 August and she was provided with her options. I understand she doesn't feel that the options given at that time were reasonable, however as the agreement had been terminated, I find she was provided with the options available.

In conclusion, I understand that Mrs C made offers of payment but as the requested evidence wasn't given to support a payment plan being put in place, I do not find I can say Moneybarn did anything wrong by not agreeing this. Given the arrears on Mrs C's account I can't say that issuing a default notice was unfair and as the required actions wasn't then taken I do not find that Moneybarn was wrong to terminate the agreement. After this it provided Mrs C with her options and I can't say it was wrong to continue with the recovery of the car.

I know this will be a disappointment to Mrs C but in this case, I do not find I can uphold this complaint. As Mrs C has explained her financial situation, we would expect Moneybarn to treat her positively and sympathetically and to work with her to set up an affordable repayment plan for any outstanding balance.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 22 July 2022.

Jane Archer
Ombudsman