

The complaint

Mr T complains about the delays by Moneybarn No.1 Limited (Moneybarn) in providing him with early settlement quotations for his car finance agreement.

What happened

The details of this complaint are well known to both parties and have been outlined by the investigator previously so I won't repeat them again here.

In May 2022, I issued a provisional decision outlining my intention not to uphold the complaint. I said:

"As a starting point, I've referred to the agreement and it says the following:

"Early repayment

"You have the right to repay the amount you owe under this agreement early in part or in full, at any time. If you wish to exercise this right, you should call our customer service on [deleted] or email [deleted]"

It goes on to say:

"...payment should be made (and funds cleared) within 28 days beginning with the day after the day that we receive your notice, or on or before any later date specified in your notice. You may be due a rebate of interest. If requested, we will write to you to let you know the details of whether you are due a rebate or not and we will tell you the implications this will have on your future repayments"

Having considered Mr T's testimony and Moneybarn's system notes, I'm satisfied he made a request for a partial settlement quotation in September 2020. Due to the impact of the Covid-19 pandemic on Moneybarn's operations, they said there were experiencing difficulty generating the same. They've explained the pandemic was an unprecedented event and their systems and processes weren't set up to handle payment deferrals at such large volumes and this had a subsequent impact on providing early settlement quotations. Although the terms don't specify the number of days for an early settlement quotation to be given generally speaking, I would expect it to be provided within seven days following the date of the request. While I accept the disruption to Moneybarn's operation and the wider context of the pandemic, I don't find the delay was reasonable. I note the partial settlement quotation wasn't provided until December 2020 which is when Moneybarn provided their final response to the complaint. This was some three months after Mr T's initial request so I can understand his frustration about this.

Moneybarn accept their advisors gave conflicting information to Mr T concerning the number of missed payments he had to pay in order to bring the account up to date so a partial settlement quotation could be provided. This failure isn't in dispute. As a resolution to both issues, Moneybarn have paid £200 compensation for the distress and inconvenience.

Having thought about the likely impact of the situation on Mr T, I believe this amount of compensation was fair in the circumstances.

As a secondary complaint, Mr T complained about the length of time it had taken Moneybarn to address his complaint. He stressed that during that time he was required to pay the monthly instalments plus interest meaning he had missed out the associated interest rebate had he made a partial settlement. Again Moneybarn recognised the delay and explained it was due to similar issues as mentioned above relating to the pandemic. In response, they offered to backdate a partial settlement quotation of £3,000 to 2 September 2020 which is when Mr T initially made the request. They said if he wished to do this, he must give them prior notification so their finance department could make the relevant adjustments to the account.

I know Mr T said he didn't want an early settlement quotation for £3,000 but for £4,000 and he was unhappy he wasn't contacted prior to clarify the same. Moneybarn has provided an explanation as to why they used this figure. In summary, they said during the call in September 2020, Mr T said he could pay £4,175 towards the agreement. On the basis that he had to pay three months missed payments due to the Covid-19 payment deferral (£901) to bring the account up to date, this would leave £3,273. While I think it would've been helpful for them to have clarified with Mr T the exact amount he wanted the quotation for, especially given some time had passed since it was initially requested, I can understand why Moneybarn generated a partial settlement quotation for £3,000 and I find it was reasonable for them to do so.

In their final response to this secondary complaint, Moneybarn said if Mr T wished to pay £3,273 as partial settlement towards the agreement, they would agree to this amount being backdated as if it were paid on 2 September 2020, but he must give them prior notice so their finance team can make the relevant adjustments. In the circumstances, I consider this to be a fair and reasonable offer as it put Mr T as close to the position he would've been in had he received the partial settlement quotation and proceeded to make the payment as he reports he would've done. From my understanding, Mr T didn't accept this offer and it was his decision not to do so but I can't say Moneybarn didn't act fairly.

I've also considered Mr T's comments that it was his intention to make a partial settlement in September 2020, followed by a full settlement shortly afterwards, around October 2020. Based on evidence, the account was settled in full in February 2021 however he said due to the delays in providing the partial settlement quotes he could've settled it in full earlier meaning he would've received a higher interest rebate.

I've carefully considered Mr T's comments about his financial ability to settle the account in full and I've reviewed the bank statements he's provided. The statement covers December 2020 and I can see there is around £8,000 held in a cash ISA account. This doesn't cover October 2020 which is when Mr T said he planned to settle it in full. However even if I was to accept he had this level of savings in October 2020 and he was willing to use all of it towards settling the agreement, this wouldn't have been enough to clear the balance.

Mr T also made a request for a full settlement quotation around December 2020. However for similar reasons as outlined above, on balance I'm not persuaded he would've had the money to settle the account in full in December 2020. So unlike the investigator, I don't find Moneybarn needs to backdate the full settlement quotation to December 2020 and refund the associated interest.

Taking everything into account, it's clear the level of service provided by Moneybarn has fallen below what a reasonable person would expect. However I'm satisfied they've done enough to put things right so I won't be asking them to do anything further".

Both Mr T and Moneybarn were invited to provide any further comments or information but no response was received.

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.

On the basis I haven't been provided with any further information to change my decision I still consider my findings to be fair and reasonable in the circumstances. Therefore, my final decision is the same for the reasons as set out in my provisional decision.

My final decision

For the reasons set out above, I've decided not to uphold Mr T's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 18 July 2022.

Simona Charles
Ombudsman