

The complaint

Mr S complains about information Moneybarn No.1 Limited ("Moneybarn") gave him after the car they'd supplied under a conditional sale agreement was declared an insurance write-off.

What happened

In December 2020 Mr S took out a conditional sale agreement with Moneybarn for a car. This agreement was repayable over 49 months. But just over a year later the car was written off by the insurer after it was involved in an accident.

Mr S was told the pay-out from the insurer was going to be around £6,000, which wasn't going to be enough to clear the amount he still owed under the finance agreement. He contacted Moneybarn to ask whether it would be possible for him to keep the car after the insurer's pay-out, and to set up a payment plan to cover the remaining balance he owed.

Mr S says Moneybarn told him this would be possible, and that they confirmed this in an email. But he says they later told him they wouldn't hand over the car until he'd settled the agreement in full.

Frustrated by this situation, Mr S made a formal complaint. But Moneybarn said they'd explained to Mr S that he wouldn't be able to keep the salvage unless the agreement was settled. They said they'd provided the settlement figure to the insurer on multiple occasions, but they hadn't received payment. Unhappy with this response, Mr S brought his complaint to us.

One of our investigators looked into what had happened, but he didn't uphold Mr S's complaint. The investigator said he could see that Moneybarn had advised Mr S that he'd be able to repay the outstanding amount via a payment plan. But he said he hadn't seen any evidence that Moneybarn had told Mr S this would mean he could keep the car. The investigator said he couldn't ask Moneybarn to allow Mr S to keep the car unless they received full payment of the outstanding balance.

Mr S disagreed. He said Moneybarn had sent him an email saying he could keep the car and repay the outstanding amount on a payment plan. He said they kept changing their response when he asked about this.

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.

Mr S's complaint is about a car supplied under a conditional sale agreement. Entering into consumer credit contracts like this as a lender is a regulated activity. So, I'm satisfied I can look into Mr S's concerns about Moneybarn.

I appreciate Mr S feels very strongly that he shouldn't have to give up a car that has great sentimental value to him, due to an accident that wasn't his fault. I can understand how upsetting this situation must be for him.

But under a conditional sale agreement, the car is owned by the finance company until all the required payments have been made. I've seen a copy of the agreement explanation document Moneybarn provided to Mr S during the application process, which explains this. It says:

"You will not own the vehicle until all conditions of the agreement have been met, and in particular, the final payment has been made."

I've seen evidence showing Mr S was required to tick a confirmation box and electronically sign this explanation document as part of the application process. So, I'm satisfied Moneybarn had explained how and when Mr S could become the legal owner of the car.

I've looked into whether Moneybarn gave Mr S any incorrect or inconsistent advice after he told them about the accident. Moneybarn have provided a copy of their contact notes, which I've reviewed. I've seen that Mr S first asked Moneybarn about the possibility of keeping the car on 22 February 2022. Their records show Mr S was advised he wouldn't be able to keep the car unless the agreement was settled in full - and that he said he didn't have the money to be able to do this.

Moneybarn's records show that Mr S contacted them several times during March and April 2022, asking whether they'd received the insurance pay-out and whether he'd be able to keep the car. I've seen nothing to suggest Mr S was told he'd be able to keep the car during any of these conversations.

The records show that Mr S called again in May 2022, saying the insurer hadn't received the early settlement figure from Moneybarn. I can appreciate how frustrating this situation must have been for Mr S. But I've seen copies of emails Moneybarn sent to the insurer on 2 March 2022, 22 March 2022 and 6 April 2022, providing the early settlement figure and details of how it should be paid. So, I'm satisfied that Moneybarn weren't responsible for the delay here.

I've seen that each one of these emails made it clear Moneybarn wouldn't allow Mr S to retain the salvage of the vehicle unless the agreement was settled in full. Again, I've seen nothing to suggest Moneybarn gave the impression Mr S would be able to keep the car without fully paying off the outstanding finance.

Mr S has shown us a copy of an email Moneybarn sent him on 31 May 2022. He says this states that he could keep the car and repay the outstanding amount on a payment plan.

I've read this email carefully. It says:

"...if the vehicle is declared a write off by the insurance company this means the vehicle will be considered "salvage", if its declared salvage then we will not hold any finance interest in the vehicle as the insurance company would have technically bought the salvage.

Therefore, it would be up to them what happens to the vehicle, and we would remove the HPI marker and then terminate the agreement meaning we CAN set up a payment plan for the shortfall in this situation."

I find this email to make it clear that, if the insurer decided to write the car off, the insurer would own the salvage. And I think it makes it clear that it would then be for the insurer to decide what to do with the car. I see nothing here that states Mr S would be able to keep it.

I can see this email explains what Moneybarn could do to help Mr S pay off any shortfall, due to the insurance pay-out not fully covering the outstanding amount he owed under the finance agreement. It says Moneybarn would be able to set up a payment plan to enable him to pay this off.

I do appreciate how distressing and frustrating this situation must have been for Mr S. But I don't find any of the information Moneybarn gave him to be incorrect or inconsistent. So, I'm not persuaded that they've done anything wrong here.

My final decision

For the reasons I've explained here, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 28 December 2022.

Corinne Brown
Ombudsman