

The complaint

Mr A complains about the handling of his payment holidays and calculation of arrears; and the impact it's had on his credit file. Mr A's complaint relates to a conditional sale agreement with Moneybarn No.1 Limited (Moneybarn).

What happened

In April 2018 Mr A acquired a used car through a conditional sale agreement with Moneybarn. The purchase price of the car was £20,800 and the monthly repayments on his agreement were £645.08 payable over 59 months.

The details of this complaint are well known to both parties and were set out in detail in the investigator's opinion of July 2022, so I won't repeat them again here. Instead I'll focus on giving my reasons for my 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.

In considering what is fair and reasonable, I've thought about all the evidence and information provided afresh and the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider to have been good industry practice at the relevant time.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

From the information provided, I've identified the following areas as being Mr A's main complaint points, which I'll address below:

- Poor communication from Moneybarn
- Moneybarn recorded incorrect information on his credit file
- Moneybarn added interest to his payment holiday
- Moneybarn didn't honour the agreed repayment plan
- Moneybarn incorrectly calculated the arrears

- Moneybarn provided contradicting information

Communication

On his complaint form, Mr A referenced the issues he was experiencing with Moneybarn's communication. For example, Mr A mentioned that he felt they ignored his concerns and that

he found it impossible to email them. In his email to our investigator in August 2022 Mr A also outlined various instances where he believed Moneybarn had failed to communicate with him adequately.

I acknowledge Mr A has made around four complaints to Moneybarn. In their final response to Mr A, dated 17 August 2021, Moneybarn said that they considered Mr A's previous complaints as part of that final response. So, I've referred to this response throughout my decision. In their response Moneybarn refers to instances where their contact wasn't at the required level; and I acknowledge Mr A highlighted some of these issues in his email to our investigator dated 2 August 2022. Moneybarn have acknowledged failing to make some call backs and responses on time. Moneybarn has apologised and paid Mr A compensation in recognition of it.

Overall, I'm satisfied that Moneybarn have acted fairly in relation to Mr A's concerns about their communication and have fairly compensated him for this.

I acknowledge Mr A may feel Moneybarn's communication has fallen short on other occasions not referred to in their final response, for example when Mr A refers to complaints he raised with them. However, complaint handling isn't a regulated activity in its own right. Nor is it one of the specified non-regulated activities that I'm able to deal with under our compulsory jurisdiction (DISP Rule 2.3.1R). And so, I'm unable to look into the specifics of these events.

Credit file

The Information Commissioner's Office (ICO) says that lenders who supply information to the Credit Reference Agencies (CRAs) are required to ensure the data is accurate and up to date.

The Financial Conduct Authority (FCA) says that arrears relating to payment holidays resulting from Covid-19 shouldn't be recorded negatively on a consumer's credit file.

Moneybarn said in their final response that any negative markers applied relating to payment breaks were to be removed. I haven't seen any evidence that this hasn't been done, that Mr A has been affected by it or that any further information reported by Moneybarn to the CRAs is incorrect or negative in relation to his payment holidays. So, I'm not persuaded that the information recorded with the CRAs, about Mr A's finance agreement with Moneybarn is incorrect.

Mr A has sent in images of a credit report to our investigator, however the images provided doesn't confirm certain key information, for example the account holder or creditor. So, I've not considered this information.

Added interest to the payment holiday

In April 2020, the FCA published temporary guidance for businesses in relation to motor finance agreements. The guidance was applicable in the exceptional circumstances arising out of the Covid-19 pandemic and the impact it had on motor finance consumers.

In relation to payment deferrals the guidance said that businesses should grant consumers a payment deferral for three months where they are experiencing or expected to experience temporary payment difficulties as a result of the Covid-19 pandemic.

The guidance also says that a customer shouldn't have to pay any charge or fee in connection with the permitting of a payment deferral, however it also says: *The continuing*

accrual of interest on sums owed under the agreement that remain unpaid would not be inconsistent with this guidance.

From the information provided I'm persuaded Moneybarn have acted fairly. I've not seen any evidence that Moneybarn have added any additional fees or charges when setting up the payment deferral, however under the guidance, the accrual of interest on the amounts owing is fair in the circumstances.

Arrears, repayment plan and conflicting information

Following Mr A's request, Moneybarn granted him with a payment holiday for April to June of 2020, and a further payment holiday covering August to October of 2020. In consideration of the impact the Covid-19 pandemic had on Mr A's financial situation and the FCA guidance in relation to payment holidays and Covid-19, I'm satisfied that Moneybarn acted fairly in doing so.

I can see from the information provided which includes a statement of Mr A's agreement, Mr A was in arrears following the payment holiday and started making token payments of £150 from May until September of 2021. I'm satisfied Moneybarn acted fairly by showing Mr A some flexibility and consideration in making his repayments.

The Consumer Credit Sourcebook (CONC), which can be found within the FCA handbook, says that a business must treat customers in default or in arrears difficulties with forbearance and due consideration. CONC 7.3.5 provides some examples which include, suspending, reducing or waiving interest or charges, allowing payment deferrals or accepting token payments.

Mr A says Moneybarn incorrectly calculated the arrears. However, Mr A hasn't explained how the arrears have been incorrect and I haven't seen any evidence that the statement provided wasn't accurate. So, I'm satisfied the arrears are correct as per the information provided.

In addition to this Moneybarn have been issuing correspondence to notify Mr A about his arrears. For example, Moneybarn have sent to Mr A, a notice of sums in arrears letter in October 2020 and again in March 2021, a default notice in September 2021 and a recovery notice in November 2021. Mr A said he found some of their information conflicting. In his complaint Mr A refers to receiving correspondence contrary to what he'd agreed with them over the phone.

The FCA rules say that firms must provide customers with information on the amount of any arrears and the balance owing. So, although I can appreciate there may have been circumstances where certain correspondence may have been different to, or inconsistent with what Mr A would have agreed whilst talking with Moneybarn on the phone, as Moneybarn had a duty to provide certain arrears information, I'm persuaded that Moneybarn were acting fairly when they issued arrears correspondence to Mr A.

In October 2021, Mr A resumed his original payment of £645.08 and in November 2021 made a payment of £648, followed by a further payment of £1,709.51 in the same month. In his email to our investigator Mr A says an agreement he entered into with Moneybarn should have negated the repossession of his car. Mr A refers to this as an arrangement for a consent order.

Having reviewed Moneybarn's system notes I can see an entry in November 2021 where it's recorded that Mr A was looking to complete a consent order, which involved him making a 25% payment, and complete an income and expenditure to support it. I can see Mr A made

the payment as I've detailed above. However, Moneybarn told us that in order for the consent order to be actioned an income and expenditure would be needed. And although Mr A made the required payments, Moneybarn said they didn't receive Mr A's income and expenditure.

A consent order is a formal way of setting out financial arrangements between two parties, and which normally requires approval by a court. Moneybarn have confirmed to us there is no court action on Mr A's agreement. So, from the information provided, although I think Mr A had an intention to enter into a consent order, I'm persuaded that the action wasn't completed. Most likely as Moneybarn wasn't in receipt of Mr A's income and expenditure.

I acknowledge Mr A believed the arrangement would override any repossession action, however as the arrangement was never formalised in the form of a consent order, I'm satisfied that Moneybarn were acting fairly by continuing their action to support Mr A with repaying the outstanding balance of the agreement.

In addition, I can see that the payments made by Mr A were treated as additional payments and further reduced the outstanding balance.

All things considered I'm not persuaded that Moneybarn have acted unfairly in the circumstances, and so I won't be instructing them to do anything more in relation to this complaint.

My final decision

Having thought about everything above along with what is fair and reasonable in the circumstances I don't uphold Mr A's complaint against Moneybarn No.1 Limited

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 7 December 2022.

Benjamin John
Ombudsman