

The complaint

Miss D complains about how Moneybarn No 1 Limited handled the termination of her conditional sale agreement.

What happened

In February 2021 Miss D was supplied with a car and entered into a conditional sale agreement with Moneybarn. Miss D experienced difficulties in paying the agreement fairly soon after entering into it and requested a payment break whilst she took advice from a debt management service about her options going forwards.

Following the payment break, Moneybarn terminated the agreement and repossessed the vehicle.

Miss D doesn't think feel that Moneybarn treated her fairly and complained to this service.

Our investigator didn't uphold the complaint. He said he was satisfied that Moneybarn had attempted to contact Miss D following non payment every month and that they had provided relevant and sufficient support information to explain her support options at each stage. The investigator said that Moneybarn had agreed to several payment plans to help Miss D pay the arrears but these plans hadn't been adhered to and because the arrears continued to mount, it would've been irresponsible if Moneybarn had not ended the agreement when it did.

Miss D didn't agree so I've been asked to review the complaint and make a final 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.

I've reviewed Miss D's account. I can see that initially she was able to make her contractual monthly payments but by May 2021 she was experiencing financial difficulties and from that point onwards she was unable to make the contractual payments to the account and only made a one off partial payment of £100 in September 2021.

I can see that when Miss D first missed a payment in May 2021, Moneybarn contacted her by phone and email to offer support. Moneybarn continued to contact Miss D every month until it managed to speak to Miss D by phone in August 2021.

Having spoken with Moneybarn, Miss D agreed a payment plan. But she was unable to make the payments she'd agreed so the payment plan failed. In September 2021 Moneybarn issued a default notice. It was at this point that Miss D made a one off payment of £100 towards the arrears.

Miss D contacted Moneybarn and advised them that she was seeking debt advice. Moneybarn agreed a new payment plan with Miss D. But Miss D failed to make any payments. Moneybarn issued another default notice in December 2021.

In March 2022 Miss D entered a “breathing space” arrangement. This arrangement ended on 21 May 2022. Moneybarn still hadn’t received any payments during this time and issued a notice of arrears in May 2022 and a final default notice in June 2022. The default notice gave Miss D a deadline of 29 June 2022 to contact them if she wished to take action to keep the car. Miss D didn’t contact Moneybarn so it issued a termination letter in July 2022 and subsequently took steps to repossess the car.

Miss D has said that she feels that she was treated unfairly. So I’ve focussed on whether Moneybarn acted fairly and reasonably when it terminated the agreement.

I’ve had regard to the relevant CONC guidance. I can see that Moneybarn tried to contact Miss D from May 2021 onwards when she failed to make payments to her account. I can also see that Moneybarn agreed payment plans with Miss D but these weren’t kept to by Miss D. Moneybarn allowed Miss D the breathing space and took no action, even though no payments were being made during this time.

There’s no dispute that Miss D was in financial difficulties during this time. It’s clear that despite the attempts by Moneybarn to agree payment plans with Miss D, she couldn’t afford to make any payments. In the circumstances, and with arrears increasing month on month, I don’t think it would’ve been responsible for Moneybarn to allow the agreement to continue. I think Moneybarn acted fairly and responsibly when it took the decision to terminate the agreement.

Miss D has said that Moneybarn could’ve done more to resolve things with her. However, based on what I’ve seen, Moneybarn kept in contact with Miss D regularly and tried to offer solutions by agreeing payment plans and allowing Miss D breathing space. From what I’ve seen, Moneybarn has communicated clearly with Miss D about the options available and the consequences of non compliance with the regulatory notices.

I understand that Miss D didn’t want the agreement terminated and I can see that she tried to speak to Moneybarn in July 2022. However, the default notice had been clear that the deadline for taking action in relation to the options available for keeping the car expired at the end of June. So by the time Miss D contacted Moneybarn it was too late.

Taking everything into account I’m unable to say that Moneybarn has treated Miss D unfairly. It responded appropriately to Miss D’s change of financial circumstances by offering appropriate support and agreeing payment plans. It communicated regularly with Miss D and complied with the regulatory requirements when it sent notices of arrears and default. It was clear about any deadlines that Miss D needed to meet if she wished to take up one of the options to keep the car. For these reasons I’m unable to say that Moneybarn has treated Miss D unfairly or acted unreasonably in terminating the agreement.

My final decision

My final decision is that I don’t uphold the complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Miss D to accept or reject my decision before 12 October 2023.

Emma Davy
Ombudsman