

The complaint

Mr Z complains about the management and administration of his conditional sale agreement ("agreement") by Moneybarn No. 1 Limited trading as Moneybarn ("Moneybarn").

What happened

In April 2016 Mr Z entered an agreement with Moneybarn for a used car costing £10,350. Under the terms of the agreement, everything else being equal, Mr Z undertook to make an advance payment of £500 followed by 59 monthly payments of £365.71 making a total repayable of £22,076.89 at an APR of 44.2%.

In February 2020 Moneybarn terminated the agreement.

In September 2022 Moneybarn refunded to Mr Z's agreement the sum of £4,164.90.

In August 2023 one of our investigators issued a view explaining that our service had no power to consider Mr Z's complaint about the granting of the agreement in April 2016 or the termination of it in February 2020, but our service did have the power to consider Mr Z's complaint about the £4,164.90 refund made by Moneybarn in September 2022.

In September 2023 one of our investigators issued a view explaining that he was satisfied that Moneybarn, having refunded £4,164.90 to Mr Z's agreement in September 2022, need do nothing further.

Mr Z didn't agree with the investigator's view so his complaint has been passed to me for review and 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'm very aware that I've summarised this complaint above in far less detail than it may merit. No discourtesy is intended by this. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it, I haven't. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I will, however, refer to those crucial aspects which impact my decision.

Section 86B of the Consumer Credit Act 1974 states that a creditor is required to give a debtor a notice of sums in arrears within 14 days of the creditor going two payments in arrears and every six months thereafter.

Section 86D of the Consumer Credit Act 1974 states that where a creditor fails to comply with its obligations under section 68B the debtor isn't liable to pay any default sums or interest.

Moneybarn has explained that it failed to comply with its obligations under section 86B between 25 April 2018 and 21 September 2022 and I'm satisfied that these dates are correct.

I've reviewed Mr Z's agreement statement and note that between 25 April 2018 and 21 September 2022 he was charged £4,164.90 in interest. I also note that during this period of time he was charged a default sum of £18 (on 19 June 2018) which was refunded (on 29 June 2018).

Therefore I'm satisfied that Moneybarn, by refunding to Mr Z's agreement £4,164.90 on 23 September 2022, has appropriately, fairly and reasonably compensated Mr Z for its noncompliance with section 86B.

Mr Z seems to be of the understanding that due to Moneybarn's noncompliance with section 86B he is entitled to a substantially bigger refund to the one that he has been provided with. Now it's not clear exactly how Mr Z has calculated the figure he believes Moneybarn should have to refund him, but as I say above I'm satisfied that Moneybarn has refunded everything its obliged to as a result of its noncompliance with section 86B.

Mr Z submits that had Moneybarn been aware of its noncompliance of section 86B, and made an appropriate refund for this noncompliance, before it took the decision to terminate the agreement, termination of the agreement wouldn't have been necessary. But I need make no finding on this point because as Mr Z accepts our service has no power to consider Moneybarn's decision to terminate the agreement or whether its reasons for doing so were valid.

My final decision

My final decision is that having refunded Mr Z £4,164.90 Moneybarn No. 1 Limited trading as Moneybarn need do nothing further.

My final decision concludes this service's consideration of Mr Z's complaint which means I'll not be engaging in any further consideration or discussion of the merits of it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Z to accept or reject my decision before 16 March 2024.

Peter Cook
Ombudsman