

The complaint

Mr L has complained about the way Moneybarn No.1 Ltd dealt with him when he requested a settlement figure for a conditional sale agreement he had with it.

What happened

The circumstances of the complaint are well known to the parties. I won't go over everything again in detail. But, in summary, Mr L entered into a conditional sale agreement with Moneybarn to acquire a car in 2022. He requested a settlement figure on 6 January 2023. Moneybarn said he owed £23,064.29 and that this was valid until 3 February 2023.

Mr L said he made a monthly payment of £702.98 which Moneybarn received on 10 January 2023. He wanted to sell the car to a dealer so he contacted Moneybarn on 19 January 2023 and asked for another early settlement figure, that would have taken into account of the payment he's made. The agent told him the original settlement figure was still valid and that he could subtract the payment he'd made from that figure. The agent explained he could take off the monthly payment (£702.98) from the earlier settlement figure (£23,064.29) to reach the amount he'd need to pay - £22,361.31.

Mr L called back the next day because he'd not received an email setting out what was left to pay. He said the dealer could only pay the exact amount that was on a letter. Moneybarn said it would need to put a request through, but Mr L was unhappy because he needed it straight away. Moneybarn said it wasn't able to generate a new one. Mr L wanted to be put through to a manager. One wasn't available so Mr L asked for an email to be sent setting out what was left owing. He wanted Moneybarn to set out it was unable to generate a new early settlement figure, but it should confirm what was outstanding. During the phone call, Moneybarn said it had been able to generate an early settlement figure and sent it to Mr L.

It looks like the dealer paid the new settlement figure – £22,592.16. Mr L raised a complaint because by generating a new figure, he lost out on around £230.

Moneybarn responded to say the settlement figure he received was correct at that time. Mr L referred his complaint to the Financial Ombudsman.

Our investigator looked into things and said one of the calls could have been handled better. She said Moneybarn should pay Mr L £100. Moneybarn agreed, but Mr L didn't. Mr L said he didn't request a new settlement figure, and one shouldn't have been generated. He says he wants Moneybarn to pay him the amount he's lost out on.

I issued a provisional decision that said:

Mr L has complained about the way Moneybarn administered a conditional sale agreement. This is a regulated consumer credit agreement, and our service is able to consider complaints relating to these sorts of agreements.

The problem with generating a new settlement figure in this case is that due to the extra days the agreement had been open for – it was always going to be for a higher amount than

what was owed in relation to the previous settlement figure (after taking into account the monthly payment).

Moneybarn initially told Mr L a few times it couldn't generate a new settlement figure while the one from 6 January 2023 was active. It was going to send Mr L an email to confirm what was outstanding. But during the call, it managed to generate a new settlement figure. I can understand why the conflicting information would have been frustrating for Mr L. He would have been better off had Moneybarn simply sent the email it was writing for him. But to be fair to Moneybarn, Mr L had asked for an updated settlement figure. And he was quite insistent he needed something straight away.

Our investigator recommended £100 compensation for the way the calls were handled. I agree they could have gone better. But I think Moneybarn were ultimately trying to help Mr L. Mr L has shown us he had to make payment to the dealer to clear the shortfall. It looks like he was selling the car for £20,750 but he owed more than this to Moneybarn. With the newly generated settlement figure, Mr L had to pay £230.85 more than he would have done had Moneybarn simply sent him the email it was putting together.

On the one hand, Mr L was insistent he wanted a new early settlement figure. But what I think he meant was that he wanted Moneybarn to confirm in writing what he owed in relation to the original settlement figure, less his monthly payment. It was clear what he was intending to do. And I'm conscious Moneybarn is the expert here. It could have simply told him that the settlement figures are valid for a month and that if it generated another one it would cost more to Mr L. If it had made this a bit clearer or simply offered to send a confirmation email for him, I imagine the issues would have been avoided.

Therefore, I'm proposing Moneybarn also reimburses Mr L the difference in what he's had to pay. This is £230.85 in total. I think Moneybarn has paid Mr L £100 already. So I think it should also pay him an extra £130.85. I've thought about whether it should add compensation on top of this. But I think given Mr L was insistent about getting an early settlement figure, he was demanding things were done straight away, and Moneybarn was trying to help him I'm not proposing it does this. I appreciate the second settlement figure was technically right, but I think putting Mr L back in the position he would have been in had he been given the information he sought straight away is broadly a fair way to resolve this complaint.

Moneybarn accepted the provisional decision. Mr L was broadly happy. But he said he wasn't happy with how he was dealt with on the phone. He highlighted it had taken time to resolve things and caused him difficulties at the time. So he requested compensation.

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 want to thank the parties for their responses. I take on board Mr L would like compensation, but I'm not going to award it on top of what I've already recommended, for the reasons set out in my provisional decision. I appreciate there were things on the calls that could have gone better. Mr L was very insistent he wanted a settlement figure straight away. He put the call handlers under pressure to do it while he was on the phone. They were ultimately trying to help him. The settlement figure he ended up receiving was technically correct as of that date. But I've explained why, in the round, I think the fairest outcome is for Mr L to be put back in the position he would have been in had he been given details in writing of the original settlement figure, less the payment he'd made.

My final decision

My final decision is that I uphold this complaint and, to the extent it's not done so already, direct Moneybarn No.1 Ltd to reimburse Mr L £230.85. It can offset anything it's already paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 20 November 2023.

Simon Wingfield
Ombudsman