

The complaint

Miss S complains that Moneybarn No. 1 Limited trading as Moneybarn ("Moneybarn") will not remove incorrect records of missed payments on her credit file in relation to an agreement she took out with them. She also complains Moneybarn were charging her more than they should for arrears that have accrued on her account with them.

What happened

In April 2018, Miss S took out a conditional sale agreement with Moneybarn to acquire a used car. The agreement was to end in April 2023.

In April 2020, Miss S had a payment holiday applied to her account. This meant that her regular, scheduled monthly payments which were due during the time her payment holiday was applied, were deferred and were to be collected at the end of the agreement.

In December 2022, Miss S contacted Moneybarn to find out when her agreement was to end. Miss S was given a date and also told there was arrears of £1,440 on her account.

Miss S responded and proposed she paid a little more on top of her scheduled repayment each month, up until when her agreement was due to come to an end, to clear her arrears. Miss S said she was asked to complete an income and expenditure assessment if she wished to enter into a payment arrangement. and was also asked to call Moneybarn to put in place the arrangement. But she said she had already completed the assessment previously, with no change in circumstances and she declined to call Moneybarn as she said she suffered from anxiety and preferred to communicate by email.

Miss S also asked Moneybarn to remove the reporting of missed/late payments from her credit file once the payment arrangement was set up.

In May 2023, Miss S noticed her account still showed an outstanding balance and contacted Moneybarn. She said that she asked if she could pay off her remaining arrears accrued in one payment and was surprised to hear that her arrears had increased. She said she was not told that missed payments would be added to the end of the agreement and again requested to have the reporting of missed payments removed from her credit file in relation to this account.

Miss S received a final response from Moneybarn in June 2023. It explained that her arrears had increased to around £2,225 and the balance owed on her agreement was around £3,400. They said this was due to Miss S not making the sufficient payments owed on the agreement. They went on to explain that they felt their reporting to Miss S's credit file was correct and no amendments needed to be made.

Miss S, unhappy with Moneybarn's response, referred her complaint to our service. Among other things, she believed that Moneybarn have consistently delayed their responses to her and therefore negatively impacted her credit score over the years.

Our investigator found that Moneybarn didn't need to take action. In summary, he concluded that the relevant charges had been applied correctly and fairly and that Moneybarn communicated with Miss S about the arrears in a fair way. He went on to explain that while Miss S believed she was told multiple times by Moneybarn that she only owed them around £1,440, this was because at the time she was told this, amounts owed due to the payment holidays she entered into in 2020 were not due, and so were not considered arrears at the time.

Miss S disagreed with the investigators findings. She said, among other things, that she believed Moneybarn have incorrectly reported 13 missed payments on her credit file, instead of only three missed payments she believed should have been reported.

As Miss S disagreed, the complaint has been passed to me to decide.

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.

Having done so, I'm not upholding this complaint and I'll explain why below.

Miss S has made several complaint points about Moneybarn. I will consider most of these in turn. But 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 point or argument to be able to reach what I think is a fair outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

Miss S believes she wasn't told that missed payments during payment holidays would be added to the end of an agreement

In 2020, Moneybarn applied a payment holiday to Miss S's account – initially for three months – and then for a further two months. From contact notes supplied by Moneybarn, I can see a confirmation email was sent to Miss S when her first payment holiday was applied. It said:

"During the agreed payment holiday period we will... automatically add the payments we haven't collected during the payment holiday to the end of your agreement..."

A further email sent to Miss S when her payment holiday period ended said:

"...Any payment(s) which were held during the payment holiday will be due at the normal natural end date of your agreement..."

Considering everything here, I think Moneybarn made it clear to Miss S that missed payments during a payment holiday would be added to the end of the agreement.

Miss S believes Moneybarn have incorrectly reported more missed payments on her credit file than they should have

I have seen a copy of Miss S's credit file which was generated in May 2020 and it shows she began to miss some repayments on her account with Moneybarn, beginning from around June 2018. The credit report shows that Miss S's account with Moneybarn remained in arrears up until the last recording on the May 2020 credit report.

I haven't been provided a more up to date credit report which shows the further months Miss S believes were recorded incorrectly. However, I have seen a copy of Miss S's statement of account which gives a clear breakdown of repayments made and also missed payments.

Considering everything here, I don't think Moneybarn has done anything wrong if they report information about arrears up until when they have been brought up to date by Miss S. I say this because they have a duty to report information like this to the relevant credit reference agencies. So, it follows that I don't think Miss S's credit file needs to be amended in relation to the arrears that has accrued on her account and that has been reported to credit reference agencies.

Miss S doesn't believe the arrears accrued on her account should be more than the figure she was given in late December 2022

From the contact notes Moneybarn supplied, I can see they regularly contacted Miss S by email to inform her of arrears and also to let her know when charges were applied due to missed payments. They also regularly reminded Miss S by email when her payments were upcoming. Alongside emails sent to Miss S, I can also see that text message reminders were also sent.

Miss S says she was surprised to hear that her arrears had increased significantly from the amount she was told in December 2022. As our investigator explained, when Miss S was told of her arrears amount in December 2022, her agreement hadn't ended. And so, missed payments during payment holidays were not considered as arrears. But by May 2023 – when her agreement had ended and those missed payments hadn't been repaid – they were then in arrears, which is why the figure she was given in December 2022 had later increased.

Miss S believes Moneybarn delayed responding to her when she complained and that this has negatively impacted her credit file

I have noted at times several weeks passed before Moneybarn responded to Miss S's complaint points and queries. While this is disappointing to see, I think it should have still been clear to Miss S that she was liable for arrears accrued and that payment needed to be made immediately. Moneybarn also apologised in their responses to Miss S for their delays. I think an apology is enough in this instance. I say this because Miss S's credit file was already impacted by missed payments and from what I have seen, I don't think she would have been able to repay the full amount owed immediately, and so Moneybarn would have needed to continue to record missed payments on her credit file anyhow.

I think it's also important to note that if Miss S is still experiencing financial difficulty, then I would expect a business such as Moneybarn to treat its customer with forbearance and due consideration in relation to them repaying any arrears accrued.

In summary, I don't think Moneybarn has done anything wrong in the way they have communicated to Miss S and for what they have reported on her credit file in relation to this complaint.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 13 March 2024.

Ronesh Amin
Ombudsman