

The complaint

Mrs B complains that Moneybarn No. 1 Limited ("Moneybarn") didn't settle her conditional sale agreement as it had agreed to.

What happened

Mrs B acquired a car under a 60 month conditional sale agreement with Moneybarn in February 2021. Under the agreement, Mrs B was required to make 59 monthly payments of £175.38.

In December 2022, Mrs B appointed a representative to complain to Moneybarn on her behalf. I'll refer to the representative as "G". It complained that Moneybarn acted irresponsibly when lending to Mrs B.

Moneybarn upheld Mrs B's complaint in February 2023. It said once Mrs B had returned the car, it would reduce her balance to zero, take into account the amount Mrs B had already paid and apply a fair usage charge. It said this would mean it would owe Mrs B around £1,800 including 8% simple interest.

G wrote to Moneybarn and asked it to allow Mrs B to pay the remaining capital amount and keep the car. Moneybarn said Mrs B would need to pay around £900 to do this and this would replace any previous resolutions it had offered. It said once it had received the payment, it would write off the balance owed and Mrs B's credit file would be rectified to remove any adverse information. Mrs B made the payment to Moneybarn in March 2023.

Following this, Moneybarn told Mrs B the agreement was in arrears and chased her for the outstanding balance. So, Mrs B complained to Moneybarn.

Moneybarn issued its response to Mrs B's complaint in October 2023. It said it had no record of an agreement whereby Mrs B could settle the outstanding finance on the agreement for around £900. It said it had upheld Mrs B's previous complaint from February 2023, but the terms of this included Mrs B returning the car to Moneybarn. It said because Mrs B hadn't done this, this agreement was void and the terms of the conditional sale agreement remained active. It said it had instructed a third party to collect the car from her and issued her with a default notice.

Unhappy with this, Mrs B referred her complaint to this service. She said she made the balance payment in March 2023, but Moneybarn chased her for repayments owed under the loan. She said this affected her credit score and caused her stress.

After the complaint was referred to this service, Moneybarn let this service know it had reached a resolution with Mrs B. It said Mrs B was the legal owner of the car, it would pay Mrs B £500 compensation, sever any financial liability and remove any adverse information reported to Mrs B's credit file. Mrs B said she wanted Moneybarn to pay her more compensation.

Our investigator looked into the complaint but didn't think Moneybarn needed to do anything further. She said she was satisfied that Moneybarn told Mrs B she could keep the car if she made a payment of around £900. She said she didn't think it was appropriate for Moneybarn to continue chasing her for payments or issuing a default notice following receipt of the settlement payment. Our investigator said she thought the payment of £500 compensation was a fair amount in the circumstances.

Mrs B said £500 compensation wasn't enough. She provided two posts from an online forum and said this demonstrated what Moneybarn was doing to its customers. Mrs B also later told this service she wanted to sell the car, but Moneybarn hadn't removed a HPI marker attached to the agreement.

Our investigator said her outcome remained the same as she had reviewed the individual circumstances of Mrs B's complaint.

Mrs B remains unhappy, so the complaint has been passed to me to decide. As part of this decision, I won't consider the lending decision made by Moneybarn as all parties are in agreement about this.

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.

Mrs B was supplied with a car under a conditional sale agreement. This is a regulated consumer credit agreement which means we're able to look into complaints about it.

I've read and considered the whole file and acknowledge that Mrs B has raised a number of points. I've concentrated on what I think is relevant. The rules of our service allow me to do this, but I want to assure the parties, if I don't mention every single point that's been raised, it's not because I haven't thought about it. I've considered everything that's been said and sent to us. However, I'm going to concentrate here on what I consider is key to reaching a fair and reasonable outcome overall.

In this case, Moneybarn upheld Mrs B's complaint about its lending decision. It also agreed it would accept a payment of around £900 and allow Mrs B to keep the car as part of the settlement agreement. However, all parties agree that despite Mrs B making the payment, Moneybarn didn't action this settlement until after Mrs B's complaint was referred to this service. So what I need to decide is whether Moneybarn has done enough to put things right.

Moneybarn didn't action the February 2023 settlement on its system, so from around July 2023 until November 2023, I can see that Moneybarn chased Mrs B for payment of the arrears owed under the agreement. It attempted to call her, text her, send letters to her and emailed her several times reminding her that her agreement was in arrears. It sent her a notice of sums in arrears letter in September 2023 and a default notice in October 2023. It also said it would arrange collection of the car, despite Mrs B reminding it of its agreement to allow her to keep the car.

Having thought about this carefully, I'm satisfied that Moneybarn acted unfairly when it didn't action the settlement agreement to allow Mrs B to keep the car following receipt of her making a payment to it in March 2023. I also think it acted unreasonably by continuing to contact Mrs B for around four months to tell her the agreement was in arrears and to attempt to obtain payment from her. I've gone on to consider whether I think Moneybarn has done enough to put things right.

Moneybarn told this service in late November 2023 that it had severed any financial liability and that Mrs B was the legal owner of the car. However, in January 2024, Mrs B said that Moneybarn hadn't removed the HPI marker. She said as a result of this, she would lose a deposit she had paid for a new car and the MOT would run out soon, so the car wouldn't be worth anything. This service asked Mrs B to provide some supporting information to show there was a HPI marker attached to the agreement. However, she said she didn't have this. Moneybarn confirmed in January 2024, that there was no HPI marker for it to remove as this had already been removed. Given no supporting information has been provided to show that the HPI marker wasn't removed by Moneybarn, on balance I think it's more likely than not that Moneybarn instructed the relevant parties to remove it in November 2023.

Mrs B has told this service she suffered from stress and her mental health was affected as a result of Moneybarn continuing to chase her. I'm sorry to hear about the impact to Mrs B as a result of Moneybarn not actioning the settlement payment in February 2023. I can see that Mrs B tried to explain to Moneybarn that it had agreed a settlement with her and it didn't accept this at the time. Instead it directed her to this service. I also accept that Mrs B was likely caused considerable stress as a result of receiving multiple calls, texts and letters over a four month period from Moneybarn. I acknowledge that Mrs B was also likely caused stress as a result of her receiving a default notice and being told the car would be collected.

Mrs B also told this service she was declined credit as a result of the adverse information reported by Moneybarn. However, she hasn't provided any supporting information to show this. So I haven't considered this.

Having considered this carefully, I think the £500 offered by Moneybarn to Mrs B to reflect the distress and inconvenience caused to her is fair and reasonable in the circumstances. I accept Mrs B was caused some distress and inconvenience as a result of Moneybarn's error. But overall, I think Moneybarn's overall offer is fair and reasonable in the circumstances. And so, it follows that Moneybarn don't need to do anything further to put things right.

My final decision

I do not uphold Mrs B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 22 July 2024.

Sonia Ahmed
Ombudsman