

The complaint

Mrs M complains about how Moneybarn No. 1 Limited treated her when her account went into arrears.

What happened

In September 2022 Mrs M entered into a regulated conditional sale agreement with Moneybarn to finance her purchase of a used car. On driving the car, she immediately noticed that black smoke was coming from the exhaust, and the engine was making a rattling noise. She complained about this to Moneybarn, but Moneybarn rejected Mrs M's complaint about that. That is not the subject of this decision; I have written in another decision why that matter does not fall within the jurisdiction of this service.

Meanwhile, Mrs M's account fell into arrears from April 2023, because she was having to spend money on repairs. She asked Moneybarn for payment breaks, and subsequently she complained to our service that Moneybarn had refused her requests.

Moneybarn said that it does not offer payment breaks, but instead it had offered Mrs M payment arrangements and ways of exiting her credit agreement.

Our investigator did not uphold this complaint. He said that Moneybarn had declined to reduce Mrs M's monthly payments because that would just have increased her arrears; he thought that was a reasonable explanation. He pointed out that interest would have continued to be charged on the shortfall. Instead, Moneybarn had offered to agree an affordable payment arrangement, and the investigator thought that was fair. Mrs M had then (in July) refused to make any more payments, and so Moneybarn had defaulted her account, and then terminated her agreement in August. He thought that was reasonable too.

Mrs M did not accept that decision, so this complaint was referred for an ombudsman to review it.

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.

Once a lender finds out that its customer is in financial difficulties, it has a duty to treat them sympathetically and positively, and to find a way to help them. However, that does not mean that it has to adopt whatever specific solution its customer asks for. It is for the lender to decide in its discretion how to assist, and as long as it exercises its discretion reasonably, I will not uphold a complaint on the basis that it should have chosen a different solution to the ones it offered. So I can't uphold this complaint just because Moneybarn did not offer Mrs M a payment break – it doesn't have to do exactly what she says; it can offer alternatives.

I have read Moneybarn's internal notes about the history of Mrs M's agreement. In April 2023, Moneybarn phoned her about her arrears, and she explained that the arrears were due to the cost of repairing her car. She offered to pay an extra £10. Moneybarn told her she

would need to first complete an income and expenditure (“I&E”) assessment, and then the line was disconnected. Moneybarn tried to call her back but there was no answer.

I think it was reasonable of Moneybarn to ask for an I&E assessment, because that is information which I would expect any responsible lender to obtain and take into account before deciding how to help a customer who is in financial difficulty. Without that information, the lender’s options are significantly reduced. I infer that the line was disconnected by Mrs M because she didn’t want to do it. But if I’m wrong about that, then she could still have called Moneybarn back, knowing that it needed that information, and she chose not to. Either way, I don’t think there was much else that Moneybarn could have done at that point in time.

Moneybarn continued to send Mrs M payment reminders by text message. In June it posted her a notice of sums in arrears, which invited her to call Moneybarn about her arrears; this was followed up with another invitation by text message. Then on 16 June, it sent her another text message, which included the following (emphasis added):

“We want to help you stay in the vehicle, and also help you avoid building up further arrears and unnecessary additional costs. We have various options that may help you such as a reduced monthly instalment for a set period, *or a payment break*, subject to your financial circumstances. We will need to speak to you to discuss whether any of these options might be suitable. Please call us as soon as you can.”

So it appears that Moneybarn does offer payment breaks, but Mrs M was not eligible for one; Moneybarn has not explained why, but I would not expect it to offer her one without first carrying out an I&E assessment to see if it was suitable for her. But whatever the reason, it does not necessarily mean that the alternatives Moneybarn did offer – either a payment plan or exiting the agreement – were not suitable for Mrs M.

A week later, Moneybarn offered Mrs M a home visit to talk about her finances. Instead, she phoned Moneybarn, and then followed up that phone call with an email requesting a six month payment break and offering to clear the arrears by paying £200 a month during those six months.

Moneybarn replied to that email to ask Mrs M for her full name, address, post code, and date of birth, so that it could identify her and verify that she was who she said she was. Those are standard questions and it was reasonable to ask for them. Mrs M provided most of those answers but forgot to include her date of birth, so Moneybarn asked for it again. Instead of just providing it, Mrs M wrote a 400-word email in which she made various accusations and called the company’s actions disgusting and unforgiveable, and threatened to sue them.

Moneybarn asked Mrs M for her date of birth again, and this time she provided it. Moneybarn then replied to say it was close to issuing a default notice, but that she could still avoid that if she phoned them to discuss her options. Mrs M’s emails during the weeks after that were not about trying to find a way to reduce the arrears or make payments, but were threats to go to Ofgem, the FCA, the courts, her MP, and the Financial Ombudsman Service. In late August, Moneybarn terminated the finance agreement and issued a notice of intended repossession.

I don’t see what else Moneybarn could realistically have done. It needed to discuss Mrs M’s finances with her before it could assess which solution was most appropriate to her situation, and it needed her co-operation to do that, which was not forthcoming. It was not obliged to do what she told it to do. So I find no grounds on which I could fairly uphold this complaint.

My final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 12 July 2024. But apart from that, this final decision brings to an end our service's involvement in this complaint.

Richard Wood
Ombudsman