

The complaint

Mr G complains about the final balance owed on an agreement he held with Moneybarn No. 1 Limited trading as Moneybarn ("Moneybarn")

What happened

In June 2022, Mr G acquired a used car with Moneybarn using a conditional sale agreement. The purchase price of the car listed on its invoice was £15,945 and it's recorded mileage was 55,100 miles. The car was around seven years old at the point of supply. The duration of the agreement was 60 months, and Mr G was required to make an advance payment of £645, followed by 59 regular, monthly payments of £537.22.

From September 2022 onwards, Mr G regularly missed all his monthly payments towards the agreement up until May 2023. On some occasions, manual card payments were made shortly after monthly payments failed.

When Mr G missed payments, Moneybarn contacted Mr G by phone, text and email to explain payments had been missed. Moneybarn also reminded Mr G when upcoming payments were due on occasions.

Mr G said he fell into arrears due to not having any work for several months. Mr G said he repeatedly asked for a payment break to help him get back on track. Mr G said he was constantly placed on higher payment plans.

In March 2023, Moneybarn completed an income and expenditure assessment on Mr G and accepted him to be placed on a payment plan to help him get back on track and repay arrears that had accrued. Later in the month, Mr G failed to make a payment towards his agreement, and so the payment plan was cancelled and a new plan was set up as further arrears had accrued.

In May 2023, Moneybarn sent Mr G a Default Notice and they later terminated the agreement and recovered the car.

In July 2023, Moneybarn got in touch with Mr G following the recovery of the car. In summary, they explained that the car will be sold and the final balance he owed them would be calculated.

In August 2023, Mr G complained to Moneybarn. Mr G said he returned the car and should no longer need to pay for it since the agreement has been terminated.

Moneybarn responded to Mr G in September 2023, not upholding his complaint. In summary, they said that Mr G had raised a complaint regarding the balance on his agreement after it was terminated. They said they issued a Default Notice to Mr G in May 2023, which explained he was in breach of the agreement he had with Moneybarn. Moneybarn said that Mr G had until 1 June 2023 to rectify the breach – in this case, to clear arrears that had accrued on the account from not making payments on the due dates described on the agreement. Moneybarn said they issued the termination notice on the

agreement on 5 June 2023 due to the arrears not being cleared and they believe they acted fairly by doing so.

Mr G, unhappy with Moneybarn's response, referred his complaint to our service. He explained that he was unhappy as he believed he should only have to pay a fair usage settlement amount towards the use of the car, as it had been terminated.

Our investigator issued his view where he concluded that Moneybarn didn't need to do anything to put things right. The investigator explained that his findings have only considered whether the agreement became unaffordable to Mr G and if Moneybarn acted fair and reasonable with the support they provided. In summary, our investigator explained that he had seen Moneybarn had attempted to contact Mr G on occasions to discuss his arrears, without success and that he was satisfied they followed their processes and procedures. Our investigator explained that he felt Moneybarn acted in line with the terms of the agreement, and didn't think they did anything wrong.

Mr G disagreed with the investigator's findings. He said that he would have happily paid a lesser amount in line with fair usage, but the amount they were charging him was too much. Our investigator asked Mr G for further information as he believed the lending wasn't affordable to him, but Mr G didn't respond before the deadline provided.

As Mr G disagreed with the investigator's findings, the complaint was 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.

If there's something I've not mentioned, I haven't ignored it. 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.

Mr G said he also complained to Moneybarn as he believed the loan was unaffordable to him at the point of supply. As Mr G didn't reply in time to further information that was required to investigate the matter, my decision will make no further comment on this aspect of his complaint. What I have considered is whether Moneybarn has acted fairly and reasonably in communicating the final balance that was owed on this agreement. I have also considered whether Moneybarn acted fairly in supporting Mr G when they were aware he was in financial difficulty.

The case is about a conditional sale agreement in Mr G's name taken out with Moneybarn which is a regulated financial product. As such, we are able to consider complaints about it.

The terms of the agreement Mr G signed explain his obligations to make repayments on the date set and actions that may be taken if repayments aren't made. It explains how missing payments could have severe consequences and may lead to Moneybarn terminating the agreement and that breaching the agreement could impact his credit rating.

I'm satisfied the terms were clear in Mr G's obligations under the agreement and the consequences if the terms were breached.

It isn't in dispute that Mr G stopped making payments towards the agreement and as a result arrears accrued. Ultimately, by Mr G not keeping up with payments and arrears accruing on the agreement, Mr G was in breach of it. And as per the terms in the agreement, Moneybarn were within their right to repossess the car and terminate the agreement.

I have seen copies of Notice of Sums In Arrears letters and from Moneybarn's account notes that Default Notices were sent to Mr G. In May 2023, Moneybarn issued a Default Notice letter telling Mr G he had until 1 June 2023 to rectify the breach to his agreement. And then on 5 June 2023, Moneybarn issued a termination notice on the agreement. The car was then recovered, sold, and then a final billing letter was sent to Mr G in August 2023 informing him of the remaining balance owed.

Mr G asked to only pay for fair usage of the car, but considering things here, I don't think Moneybarn need to offer this. And I think they have acted fairly and within their terms by asking for the balance owed.

Mr G also believes Moneybarn didn't do enough to support him when his financial circumstances changed and when he was in financial difficulty. He said he repeatedly asked for a repayment break. But, from what I have seen, Moneybarn regularly reached out to Mr G to inform him of his arrears and remind him of his obligations under the agreement. They also regularly contacted him and told him if he was experiencing financial difficulty, then to call them so they could discuss options available to help get him back on track. On several occasions Mr G didn't respond back. Moneybarn also put in place a payment plan to support Mr G when he did eventually get in touch. So I can't fairly say that Moneybarn didn't support Mr G here.

Overall, I'm satisfied that Moneybarn doesn't need to do anything in this instance.

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 Mr G to accept or reject my decision before 16 December 2024.

Ronesh Amin
Ombudsman