

The complaint

Mrs A complains that Moneybarn No. 1 Limited (Moneybarn) cancelled the repayment plan set up to repay a conditional sale agreement.

What happened

In August 2022 Mrs A was supplied with a used car through a conditional sale agreement with Moneybarn. She paid an advance payment of £4,000 and the agreement was for £53,044 over 60 months; with 59 monthly payments of £831.26.

Mrs A said she called Moneybarn on 5 January 2024 to confirm that she had set up a direct debit for 26 January 2024. She is unhappy because Moneybarn contacted her on 15 January 2024 to say that the payment plan had been cancelled because she'd failed to make the payment for January 2024. She said they told her that the payment was missed because they hadn't changed the direct debit debt as agreed. Mrs A was unhappy and said this wasn't the first time this had happened.

Moneybarn partially upheld her complaint. They said Mrs A had made several attempts to set up a payment plan since they issued a default notice in November 2023. They acknowledged that they'd made errors setting up the direct debit and had taken longer to respond to Mrs A's requests for further payment plans.

They offered her £40 as compensation.

Mrs A was unhappy with this response, so she referred her complaint to our service for investigation.

Our investigator said Moneybarn had made an error but she didn't think £40 adequately reflected the errors Moneybarn made or the impact this had on Mrs A. She said Moneybarn should pay a further £110 to Mrs A, a total of £150 in compensation.

Moneybarn accepted this, but Mrs A wasn't happy with the investigator's suggested outcome.

Because Mrs A didn't agree, this matter has been passed to me to make a final decision.

Mrs A also complained about issues with the quality of the car. That is the subject of a separate complaint and I will not be considering those issues in this decision.

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've reached the same overall conclusions as the investigator, and for broadly the same reasons. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome. Where evidence has been incomplete

or contradictory, I've reached my view on the balance of probabilities – what I think is most likely to have happened given the available evidence and wider circumstances.

In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and (if appropriate) what I consider was good industry practice at the time. Mrs A was supplied with a car under a conditional sale agreement. This is a regulated consumer credit agreement which means we are able to investigate complaints about it.

Undisputed Fault

It's not disputed that Moneybarn made errors when setting up the payment plan. I say that because in their response to Mrs A, Moneybarn apologised for the errors they'd made "*when setting up your direct debit*". They also accepted that Mrs A had contacted them on numerous occasions to set up payment plans, and that it had taken "*longer than usual*" to respond to her about further payment plans.

So I'm satisfied that I don't need to consider the merits of this issue within my decision. Instead, I'll focus on what I think Moneybarn should do to put things right.

I'm pleased to see that Moneybarn have agreed to put things right, including agreeing a further payment plan. I believe this is what Mrs A was waiting to hear from them.

But I don't think £40 is adequate compensation in this instance. Failing to set up a direct debit as agreed with a customer like Mrs A has significant consequences. Especially when that customer is already in financial difficulty.

I can see from calls with Moneybarn that Mrs A was concerned that they may repossess the car. So not hearing from Moneybarn about further payment plans, and then receiving another letter about a missed payment would have been distressing. More so when she thought she'd made appropriate arrangements with Moneybarn for the direct debit payment.

So I think £150 is a more appropriate level of payment for the distress and inconvenience caused to Mrs A from Moneybarn's error and delayed response.

Putting things right

Given the above, Moneybarn should pay Mrs A an additional £110 to compensate her for the distress and inconvenience caused, making a total of £150.

My final decision

For the reasons explained, I uphold Mrs A's complaint about Moneybarn No. 1 Limited and they are to follow my directions above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms A to accept or reject my decision before 18 November 2024.

Gordon Ramsay
Ombudsman