

The complaint

Mr V complains that he was misadvised when he voluntarily terminated his Conditional Sale Agreement with Moneybarn No. 1 Limited.

What happened

Mr B acquired a car financed through a conditional sale agreement with Moneybarn in December 2020. In November 2021 he requested to voluntarily terminate (VT) the agreement due to difficulty in making the payments.

Mr B said he asked for the termination in December 2021 and did not hear from Moneybarn until April 2023. He said he had asked for the balance to be cleared as he was told the car would be taken to auction and sold. He said when he spoke to Moneybarn in March 2024 he was told the car hadn't been sold at all. He said he's now being chased for nearly £5,000 that he wasn't told about at the time of termination.

Mr V brought a complaint to Moneybarn. In its final response Moneybarn did not uphold Mr V's complaint but it did refund him £25 for the time taken to resolve the complaint. Mr V wasn't satisfied so brought his complaint to this service.

Our investigator concluded that Moneybarn had acted fairly and didn't need to do anything further. Mr V remained unhappy and asked for a decision from an ombudsman. He said he felt he hadn't been listened to regarding his complaint.

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.

As Mr V was concerned he hadn't been listened to I asked him if he had any further comments or information, but I didn't receive a response.

I realise this will come as a disappointment to Mr V, but I won't be asking Moneybarn to do anything further for the reasons I've outlined below.

After Mr V spoke to Moneybarn requesting a VT, Moneybarn sent him a letter explaining his options. I've seen a copy of this letter. The letter was dated 16 November and included an explanation of the various options available to Mr V to end the agreement. On page two there was a table outlining an estimate of how much Mr V would have to pay Moneybarn to terminate the agreement for each option. The options were:

1. Voluntary Termination – this option required the car to be returned. It said there may be a residual amount to clear the agreement which would vary depending on whether Mr V paid half the agreement value or not (plus any arrears and charges). It said the estimate of the total amount owed would be £4,706.57 and it would agree an affordable payment plan to clear any outstanding balance.
2. 'Handback' Option - Mr V hands back the vehicle to Moneybarn and it will sell it.

There would be a residual amount to clear the agreement which would be discounted by the sale value of the vehicle. It said the estimate of the total amount owed would be £5,250.51 and it would agree an affordable payment plan to clear any outstanding balance.

3. Early Settlement – this was the option to become the legal owner of the car – estimate £7,148.70
4. Default Termination - this was the option if the customer doesn't engage with Moneybarn – estimate £6,386.18

A leaflet was enclosed called “ending your agreement – your options explained.”

I've seen a copy of an email Mr V sent to Moneybarn on 30 November. He said:

“I would like to voluntary terminate my agreement please”.

This triggered a letter from Moneybarn, also dated 30 November, about ending the finance agreement as a Voluntary Termination. It confirmed the car would be collected and it would make an assessment on the vehicles condition. It then would confirm how much Mr V owed but added that the current estimate was £4,487.66. Mr V had made payment since 16 November, so the estimate was lower. The letter also detailed the documents and items Mr V needed to have ready for collection. Although this letter does say the car would be sold Mr V had asked for the VT option not the 'handback' option.

Moneybarn sent Mr V a letter dated 17 December 2021. It reconfirmed the estimated balance of £4,487.65. This letter went on to say the vehicle would be inspected and then go to auction.

Mr V was sent a final billing letter dated 12 January 2022 which confirmed that the outstanding balance was £4,487.65.

Mr V said he didn't hear from Moneybarn from December 2021 until April 2023. I can see from the file notes Mr V advised Moneybarn he had moved house on 15 November and the address on the letters sent from 16 November is an address Mr V confirmed to our service. So I'm satisfied the letters were sent and were correctly addressed. It would not be fair or reasonable for me to hold Moneybarn responsible for them not arriving.

Mr V was aware he was terminating the agreement. As such he was also aware or ought reasonably to have been aware there would be an outstanding balance to pay. So it would be reasonable to expect him to make contact with Moneybarn if he hadn't received anything from it regarding the disposal of the vehicle and final confirmed balance. I can see from the account notes that in February 2024 he discussed a previous VT he had done so again I'm persuaded Mr V ought reasonably to have been aware that he needed to contact Moneybarn if he hadn't received any letters confirming the VT status and balance.

Mr V also told this service he had asked for the balance to be cleared as he was told the car would be taken to auction and sold. He said when he spoke to Moneybarn in March 2024 he was told the car hadn't been sold at all. I'm satisfied Mr V was presented with the options for a VT or a 'Handback' and he chose the VT option, and this was explained fully in the letter on 16 November. I can see from the account notes that the vehicle status was changed from stock to sold on 11 January 2022.

I'm satisfied that Moneybarn hasn't done anything wrong and so I won't be asking it to do anything further. If Mr V is in financial difficulty it would be prudent to make contact with

Moneybarn or any assigned debt agency to discuss a payment plan.

My final decision

My final decision is I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 27 November 2024.

Maxine Sutton
Ombudsman