

The complaint

Miss C complains that Moneybarn No. 1 Limited should have done more to help her before terminating the conditional sale agreement under which a car had been supplied to her. She's being helped with her complaint by a representative who lives with her.

What happened

A used car was supplied to Miss C under a conditional sale agreement with Moneybarn that she electronically signed in January 2023. The price of the car was £16,300, Miss C made an advance payment of £100 and she agreed to make 59 monthly payments of £405.55 to Moneybarn.

Miss C didn't make the payment of £405.55 that was due in August 2023 and, other than a card payment of £810 in October 2023, didn't make any further payments to Moneybarn. She says that she was forced to resign from her employment in September 2023 and was unemployed from October 2023 until March 2024.

Miss C complained to Moneybarn in February 2024 about the treatment that she'd received from it about the arrears on her account but it didn't uphold her complaint. It said it had been unable to continue communicating with Miss C until security was completed in full and on various occasions she hadn't provided all the details as requested so it didn't agree that it had acted unprofessionally.

Moneybarn sent Miss C a default notice in May 2024, the agreement was terminated in July 2024 and the car was collected from her later that month. Miss C also complained to Moneybarn in June 2024 but it again didn't uphold her complaint. It said that: it had received her emails and its customer service team responded to all of her queries; once it had evidence of a completed income and expenditure form, it was still important for it to have a discussion with her regarding setting up a payment plan to make sure that it was affordable; and every process that led to the termination of the agreement was followed correctly.

Miss C wasn't satisfied with its response so complained to this service. Her complaint was looked at by one of this service's investigators who, having considered everything, was satisfied that Moneybarn hadn't acted fairly but she said that it was most likely that the agreement would've defaulted and the car would've been repossessed even if a repayment plan had been set up. She recommended that Moneybarn should pay Miss C £250 for the poor service that she received when attempting to set up a repayment plan.

Moneybarn has confirmed that it's willing to agree with the proposed settlement but Miss C's representative says that Miss C would like an ombudsman to make a final decision on her complaint. He has provided responses to the investigator's recommendation and says, in summary and amongst other things, that: Miss C sent four income and expenditure forms to Moneybarn but none of them were actioned; she tried making repayments in February 2024 when she regained employment and in March 2024 but Moneybarn refused to engage; she opened a new bank account and did try to tell Moneybarn but it didn't respond; and the long term implications of Moneybarn's poor treatment of her can't be understated. Miss C's representative also asked for more time to add further representations and evidence but

nothing further has been received.

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.

Miss C had entered into the conditional sale agreement in January 2023 and had agreed to make 59 monthly payments of £405.55 to Moneybarn. She made six of those payments but she didn't make the payment of £405.55 that was due in August 2023 and, other than a card payment of £810 in October 2023, then didn't make any further payments to Moneybarn.

Miss C's representative has described Miss C's situation and the issues that led to her resigning and then being unemployed but Moneybarn's notes for Miss C's account don't show any attempt by Miss C to contact Moneybarn to explain her situation to it until January 2024, after she'd been sent a default notice. Moneybarn says that it was unable to continue communicating with Miss C until security was completed in full and on various occasions she hadn't provided all of the details that it requested.

I understand that Miss C started working again in March 2024 and she emailed Moneybarn in April 2024 and said: *"I would like to start paying £250 a month for a short time and I can start paying more"*. Moneybarn asked Miss C to complete an income and expenditure form and to call it on the number provided. Miss C's representative says that Miss C provided four income and expenditure forms to Moneybarn but Moneybarn says that once it had evidence of a completed income and expenditure form, it was still important for it to have a discussion with Miss C regarding setting up a payment plan to make sure that it was affordable.

A payment plan wasn't agreed and another default notice was sent to Miss C in May 2024. It said that Miss C was in breach of contract as she was in arrears of £2,839.95 and was required to remedy the breach by payment in full of the arrears. It also said that if she didn't take the required action it would terminate the agreement. Miss C didn't pay the arrears so Moneybarn sent a termination notice to her in July 2024 and the agreement was terminated.

I consider that it was clear that Miss C wanted to set up a payment plan to start paying £250 each month to Moneybarn, she provided income and expenditure forms to it and she explained that she wasn't able to call it during the times set out in its emails to her. Although Moneybarn said that not all of the security questions had been fully answered, I consider that it should have done more to help Miss C to try to set up a payment plan. Its failure to do so will have caused Miss C distress and inconvenience and I agree with the investigator that it would be fair and reasonable for Moneybarn to pay her £250 to compensate her for that distress and inconvenience. Moneybarn has agreed to pay £250 compensation to Miss C.

But even if a payment plan had been agreed, I consider it to be more likely than not that the agreement would have been terminated. Miss C didn't make any payment to Moneybarn after October 2023, even after she started working again, and the payment of £250 that she was suggesting would have led to the arrears on her account increasing each month. Her representative says that the £250 suggested by Miss C was in addition to the monthly payment of £405.55, but I'm not persuaded that it was. Miss C had cancelled her direct debit, wasn't making any payments to Moneybarn and then offered to pay it £250 a month. I consider it to be clear from her emails to Moneybarn that the offer was to pay a total of £250 each month and that it wasn't in addition to the monthly payments of £405.55 that were due.

The agreement was terminated in July 2024 and £4,411.17 was credited to Miss C's account which is likely to be the sale proceeds when the car was sold at auction. I'm not persuaded that Moneybarn acted incorrectly in terminating the agreement in these circumstances so I'm

not persuaded that it would be fair or reasonable for me to require it to reduce or waive the outstanding amount owed to it by Miss C or to take any other action concerning the termination of the agreement. I suggest that Miss C contacts Moneybarn to try to agree an affordable repayment arrangement for the amount that she owes to it. It's required to respond to any financial difficulties that she's experiencing positively and sympathetically.

Putting things right

I find that it would be fair and reasonable in these circumstances for Moneybarn to pay £250 to Miss C to compensate her for the poor service that she received when attempting to set up a repayment plan. I'm not persuaded that it would be fair or reasonable for me to require it to take any other action in response to her complaint.

My final decision

My decision is that I uphold Miss C's complaint in part and I order Moneybarn No. 1 Limited to pay her £250 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 4 February 2025.

Jarrold Hastings
Ombudsman