

The complaint

Miss J has complained that she is unhappy that Moneybarn No. 1 Limited, trading as Moneybarn, ("Moneybarn"), terminated a conditional sale contract on a car she acquired in December 2023.

What happened

Miss J acquired a used Ford in December 2023, using a conditional sale agreement with Moneybarn. The car cost £20,859, of which Miss J borrowed £20,447.08 over 60 months, with monthly repayments of £542.94. The car was just over three years old at the time and the mileage stated on the agreement was 48,977.

Miss J told us that, at the end of March 2024, she left the UK with the intention of spending three to six months abroad. She decided to take the car, and said that the shipping company stipulated that the car had to be transported in a shipping container because of the flammable nature of the battery (the car was a hybrid). Miss J arranged for the car to be driven to the port, but on 10 April she was informed that the police had confiscated the vehicle because they said that it was stolen. Miss J said she was contacted by her insurance company, and she told them the car had not been stolen. She also said she tried – unsuccessfully – to contact the police, and then called Moneybarn.

Miss J said that Moneybarn told her that the car had been retrieved from the port and that she needed to have its written authorisation to ship the vehicle out of the country. She said that she wasn't aware of the need to do this, having taken a previous car abroad for an extended period of time, but Moneybarn told her that the difference here was that the car was in a shipping container.

Moneybarn issued a Default Notice on 2 April 2024. It stated:

"Provision of agreement breached: [5.2] You must not [5.2.1] remove the vehicle from the United Kingdom or move it to the Channel Islands or the isle of Man: [5.2.1.1] in a shipping container, or [5.2.1.2] for a continuous period of more than 15 days without our written consent.

Nature of breach: We have been informed by the police that the vehicle is on a shipping container and that you intended to permanently remove the vehicle from the United Kingdom. You do not have our consent to do this."

The Default Notice went on to say that Miss J would be required to pay £30,404.64 (subject to any rebate she may be entitled to on full settlement – this was later stated to be £9,867.14, although it would vary depending on the date of settlement) on termination of the agreement on or after 22 April 2024. The Notice also allowed for the sale of the car if the sale price met or exceeded the early settlement figure.

On 26 April 2024 Moneybarn issued a notice that the account was in arrears, as a result of the direct debit for the monthly payment not being honoured. Shortly afterwards, on 1 May 2024, Moneybarn issued a Termination Notice saying that, as it hadn't heard from Miss J, it

had terminated the finance agreement. This was followed up on 15 May 2024 with a further default notice setting out the cost of recovery of the car - £728.00.

Miss J said that Moneybarn told her she had to pay the early termination cost of over £20,000 within two weeks in order to keep the car – as set out in the Default Notice - but she couldn't afford this so offered to pay the normal monthly payment until July 2024, after which she could pay off the remaining balance. But she was then told that she'd have to pay off the outstanding balance of over £30,000 on the agreement, otherwise the car would be sold at auction. Miss J said she made further offers to structure payments over the following few months so as to pay off the balance owing, but Moneybarn refused. The car was then sold at auction, and the sale proceeds applied to the account. This left Miss J with an outstanding balance even though she no longer has the car.

Miss J was unhappy about all this so complained to Moneybarn that it would not work with her to clear the outstanding balance before selling the car at auction. Moneybarn issued its final response letter to Miss J, saying that the terms of the finance agreement had been clear, and it was not upholding her complaint.

As Miss J was unhappy with Moneybarn's response, she brought her complaint to this service. Our investigator looked into it but concluded that her complaint should not be upheld. Miss J disagreed, and asked for the complaint to be reviewed by an ombudsman.

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.

I've decided not to uphold Miss J's complaint. I'll explain why.

Moneybarn sent in a copy of its notes of its contact with Miss J, along with copies of the finance agreement and the letters about the default. Miss J also sent in copies of the letters she received, along with the finance agreement.

The evidence provided by Moneybarn in relation to the finance agreement included a three-page document headed '*Pre-contract explanation of the Conditional Sale Agreement*'. Miss J also sent in a copy of this document, so I'm satisfied she had been given this when she acquired the car, and indeed it was electronically signed by her.

On the first page of the document, in a section headed '*Are there any other key points to understand with the Conditional Sale Agreement?*' the following points are stated:

- *"If you breach the terms of the agreement (for example, by failing to pay), we may repossess the vehicle. If you have already paid a third or more of the total amount payable, we would need to get a court order first. In Scotland, we may need to get a court order at any time.*
- *There are restrictions relating to the vehicle. For example, you can't take it outside the UK or move it to the Channel Islands or Isle of Man for more than 15 days without our written consent. Also, you can't, for example use the vehicle for hire or as a taxi. You should make sure the restrictions don't prevent your intended use."*

The finance agreement itself sets out the detail in Section 5 – 'Things you must and must not do' - as follows:

5.2 - You must not

5.2.1 remove the vehicle from the United Kingdom or move it to the Channel Islands or the Isle of Man:

5.2.1.1 in a shipping container, or

5.2.1.2 for a continuous period of more than 15 days without our written consent.

Section 8 of the agreement sets out when Moneybarn could terminate the agreement, including:

“8.1.1. You don’t make a payment under the agreement on time

8.1.2 You breach another term of the agreement.”

And Section 9 sets out the charges payable, including the following:

9.4 When the agreement is terminated, you must pay us

9.4.1. any amounts you’re already required to pay under the agreement. but haven’t paid, plus

9.4.2 any amounts you would have been required to pay under the agreement if it had continued as planned, plus

9.4.3 our reasonable costs for finding, recovering, repairing, insuring, storing and selling the vehicle (this includes the costs of us dealing with the matters you’re required to do by this clause when returning the vehicle, such as the costs of removing a cherished number plate), minus

9.4.4 a rebate (or discount) for making payment early.

9.5. If the vehicle is returned to us or we recover it.

9.5.1. we’ll take reasonable steps to sell it at public auction

9.5.2. we’ll reduce the amount you must pay us under clause 9.4:

9.5.2.1. if we’ve sold the vehicle, by the amount we sold it for, or

9.5.2.2 if we haven’t sold the vehicle, by the amount we believe represents its fair market value.

Having reviewed the agreement and associated documents, I appreciate that section five of the agreement appeared on page nine of an eleven-page document, albeit the text was well spaced. But even if Miss J didn’t notice this, I think she should reasonably have been aware of the general restriction on taking the car outside the UK for more than 15 days, as this was set out on the first page of the pre-contract explanation document, and was, in my view, sufficiently prominent. As I noted above, Miss J was planning to be away for three to six months.

Once Moneybarn became aware of the car being taken out of the UK in a shipping container, it issued the default notice as it was entitled to do as the terms of the agreement

had been breached. Miss J had the opportunity to pay the required early settlement amount, although I accept that she said she could not do so. When the agreement was not settled, Moneybarn sold the car and used the proceeds to reduce the amount owed by Miss J. Again this was in line with the terms of the agreement. I do understand Miss J's wish to set up a repayment arrangement and to keep the car, but Moneybarn was entitled to decline this under the terms of the agreement.

Taking all this into account, I don't have evidence to suggest that Moneybarn has acted unfairly here. So although I appreciate that Miss J feels very strongly about this, I cannot fairly uphold her complaint.

My final decision

For the reasons given above, I have decided not to uphold Miss J's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss J to accept or reject my decision before 26 June 2025.

Jan Ferrari
Ombudsman