

The complaint

Mr H complains about the administration of a conditional sale agreement with Moneybarn Limited ('Moneybarn'). Mr H says that he has been treated unfairly by Moneybarn when he couldn't pay the agreement. He also wanted to add a third party to the agreement, but he couldn't do this, and he is unhappy about the amount that he still owes.

What happened

Mr H acquired the car using a conditional sale agreement that was started in August 2022. The vehicle had a retail price of £10,145. Mr H paid a £1,000 deposit meaning £9,145 was financed. This agreement was to be repaid through 51 monthly instalments of £252.26. If Mr H made repayments in line with the credit agreement, he would need to repay a total of £13,865.26.

In September 2023, Mr H became unable to make the finance repayments. As far as I can see, he didn't make any repayments after this time.

Moneybarn has provided its contact notes that show it tried to reach Mr H multiple times via telephone calls, text messages and emails. It was unable to contact him. Mr H has explained why this was and I don't intend to disclose this here, as all the parties to the complaint are aware of it.

Moneybarn issued a notice of default in January 2024 and again in March 2024. In March 2024 it said that Mr H was in arrears of £1,261.30 and this needed to be repaid by 25 March 2024, or further action would be taken. This notice provided information about the total amount of the finance, that Mr H had paid, and still had to pay. Mr H was unable to pay the arrears, and the agreement was subject to a default. And Moneybarn has said that the agreement was terminated in April 2024.

Mr H hasn't returned the car to Moneybarn and he still owes an outstanding balance on the finance. I've noted that Mr H didn't insure, or tax, the car and it hasn't passed a recent MOT.

Mr H has complained to Moneybarn saying that it has treated him unfairly and he was unhappy with the amount that he owed. He had tried to add a third party to the agreement and resume making the repayments. But he says he was unable to do this due to Moneybarn's poor customer service.

Moneybarn considered this complaint, and it didn't uphold it. It said that it had acted correctly when Mr H couldn't repay the agreement, and it hadn't received a request to add a third party.

Mr H didn't agree with this and brought this complaint to the Financial Ombudsman Service. Our Investigator has partly upheld Mr H's complaint. He said that Moneybarn wasn't acting unfairly when it defaulted and then terminated the agreement because Mr H was unable to pay it.

And in a later communication, our Investigator thought that Moneybarn didn't act on some letters that Mr H sent it. Although this wouldn't have changed how the finance was ended, it did cause Mr H some distress and inconvenience. Our Investigator thought £150 compensation was reasonable for this.

Moneybarn agreed with the Investigator that this compensation is fair.

Mr H doesn't agree with what our Investigator said. He still feels that he should have had more assistance with his arrears and if this had taken place the agreement would still be in place.

Because Mr H doesn't agree, this matter has been passed to me to make a final 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.

In considering what is fair and reasonable, I need to have regard to the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider was good industry practice at the relevant time.

There has been a significant amount of correspondence in this complaint about the events in Mr H's life that took place before, and after, the agreement was terminated. I have read all of this, but I won't refer to it all here. This is partly to avoid providing too much detail about Mr H's circumstances, and partly as I don't need to refer to all of it to reach my decision.

I'll just talk about what is needed for me to decide if Moneybarn has acted fairly. If I don't comment on any specific point it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

I think there are two main issues to consider here: was Moneybarn acting correctly when it defaulted and terminated Mr H's agreement, and did it communicate with him properly about this.

A default usually comes about when the relationship between the lender and the borrower has broken down to some degree. And I think this was the case here. Mr H was having problems making the repayments and Moneybarn couldn't reliably communicate with him.

Overall, I don't think it's reasonable to say that Mr H had the ability, or intention, to pay the car finance. By this I mean it's clear that Mr H was unable to pay the contractual loan repayments on time when they became due and make up the payments he had missed. I don't think there was a reasonable prospect of him being able to pay the car finance, due to his personal situation, by the time the agreement defaulted and was terminated.

Added to this Mr H was unable to tax and insure the car. And I understand he was also unable to carry out the MOT. It is part of his contract with Moneybarn that he would maintain the car and the agreement in this way. And Mr H was in breach of his contract with Moneybarn when he couldn't do these things.

Having considered everything, I don't think it was unfair of Moneybarn to recognise all of this and take the appropriate action. So, I don't think that Moneybarn was acting unfairly when it defaulted the loan and terminated the agreement.

Mr H has said that he tried to add a third party to the agreement to ensure it was paid. Whilst I can see that he did write a letter to Moneybarn explaining his intention to do this, I can't see that Mr H took any further action. For example, the third party didn't contact Moneybarn to arrange this, if it were possible. Having looked at all the correspondence about this it doesn't change my finding above that Moneybarn was right to default, and then end, this agreement.

I've also looked at how this was communicated to Mr H. As I've said, I haven't reproduced all the correspondence, and I don't think I need to. I have looked at it all and have noted that there were numerous communications from Moneybarn, via, text message, email, and letter about the loan repayments and arrears.

Mr H was provided information about the default and termination and that Moneybarn would take steps to recover the car after the agreement was terminated. I think Moneybarn fully informed Mr H about all of this.

That said, Moneybarn didn't properly respond to two letters that Mr H sent which informed it about his personal situation and that he wanted to add a third party to the agreement. Moneybarn hasn't disagreed that it should have done better here. Our Investigator thought that £150 compensation was reasonable for this and Moneybarn has agreed. I also think this compensation is reasonable for Moneybarn not corresponding properly with Mr H about this issue.

But, in any event as I've found above, I don't think that Mr H was able to pay the finance and so I don't think that further communications, or better handling of these letters would have altered what happened with the finance agreement. I think the agreement was ended as Mr H was unable to repay it and adhere to the terms of the contract.

Mr H says the car has recently been impounded by the DVLA and it's not clear if he has access to it. This service can only consider complaints about businesses regulated by the Financial Conduct Authority and the DVLA isn't in this category. As Mr H has been informed, the Financial Ombudsman Service can't assist with this matter.

Mr H says that he would like to continue with the agreement. But the agreement was terminated, and the status of the car seems to be unclear. It may not be returned soon to Mr H, or at all. So, I don't think it's a realistic prospect that the agreement continues.

Overall, I don't think that Moneybarn has acted incorrectly here, other than the customer service issues I've referred to above. I appreciate this will not be the answer that Mr H is looking for but I don't think further compensation above the £150 payment is warranted.

I understand Mr H still owes Moneybarn a significant amount. I haven't seen any evidence that shows the amount Mr H owes is incorrect. When Moneybarn is arranging how Mr H should repay this, I would remind Moneybarn of its responsibility to treat Mr H fairly and with forbearance and positively assist him with this debt.

Putting things right

I partly uphold this complaint against Moneybarn. Moneybarn should now pay Mr H £150 compensation for the inconvenience the lack of response to the letters it sent has caused him.

My final decision

For the reasons I've explained, I partly uphold Mr H's complaint.

Moneybarn Limited should put things right by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 25 July 2025.

Andy Burlinson
Ombudsman