

The complaint

Mr D complains that Moneybarn No.1 Limited mishandled his account when it fell into arrears and this has unfairly impacted on his credit file.

What happened

In January 2024 Mr D entered into a 60-month conditional sale agreement with Moneybarn for a used car. Under the agreement Mr D was to make monthly payments of £598.11.

In or around April 2024 Mr D's account fell into arrears and an arrangement was agreed with Moneybarn that he would pay an additional £95.26 per month for six months to clear the arrears.

In October 2024 Mr D's direct debit was returned unpaid and Moneybarn attempted to contact him via the phone and an email. In November 2024 Mr D contacted Moneybarn via email and said he had a change to his work situation and but would be starting new position and he wanted to pay off the arrears and re-establish regular payments. He asked for Moneybarn's help. Mr D missed the payment in November.

Customer Services at Moneybarn emailed Mr D and said that he needed to discuss the matter with the Customer Operations Team, but this would have to be done via phone and not email. A hold was placed on Mr D's account for one week.

Mr D responded by email that he did not have faith in the agents he had spoken to and asked that he be emailed an income and expenses form as he had been before in April 2024. Customer Services responded that their procedure had changed, and he needed to call the relevant team. His account was put on hold for a further five days.

Mr D then emailed again and asked he be sent an income and expenses form, but this email was not answered by Moneybarn. Mr D then complained to Moneybarn.

Moneybarn upheld his complaint as it agreed that Mr D had twice been given the wrong information as to how he could contact the Customer Operations Team because they could be emailed as well as phoned. It also said that his third email hadn't been responded to. Moneybarn offered Mr D £50 compensation for the inconvenience and distress caused.

Mr D was unhappy at the level of compensation and complained to this service. He said Moneybarn had reported adverse information to the credit reference agencies which had significantly impacted his ability to get credit.

Our investigator recommended Mr D's complaint should be partially upheld. He said that three times Moneybarn had failed to provide Mr D with the appropriate information and this failure had prevented Mr D from mitigating his position. Our investigator said this wasn't in line with the Consumer Duty. He said compensation of £150 would be reasonable.

However, in respect of Mr D's credit file, our investigator said Moneybarn was obliged to provide accurate information to the credit reference agencies and although it hadn't

responded correctly to Mr D in October 2024 this hadn't prevented him from making any sort of payment towards the increasing arrears. And, he said, if Mr D hadn't been in a position to make any payments in October and November, then the reporting of the missed payments hadn't been unfair.

Moneybarn has accepted our investigator's view, but Mr D disagrees and says the £150 compensation doesn't reflect the impact the adverse information on his credit file has had.

Mr D asked for a final decision from an ombudsman and the complaint has been passed to me.

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 explained by our investigator to Mr D in his view, the remit of this service is to look at complaints that have been raised first with the business. So, here, I am looking at the complaint Mr D made in November 2024 about Moneybarn's handling of his enquiries when his account fell into arrears in October 2024. Moneybarn responded to his complaint in December 2024. So, this means that the subsequent events after December 2024 aren't before me and, if Mr D is unhappy at Moneybarn's handling of his account during 2025, he will need to make a complaint first to it and then, if unhappy with its response, he can make a further complaint to this service.

Looking at Mr D's account with Moneybarn, I can see he first missed a monthly payment in April 2024 which Moneybarn reported to the credit reference agencies. Following the completion of his income and expenses form, Moneybarn was satisfied that Mr D could afford to make both the monthly payment and an additional amount over six months to clear the arrears. And when Mr D had paid his first additional payment under the payment plan then the missed payment marker dropped off as he was no longer a month in arrears.

I think that Moneybarn did nothing wrong when handling the April 2024 arrears, as when a consumer gets into financial difficulties a business should look at ways it can support them. However, this wouldn't always mean that a payment plan will be agreed, because that will depend on the consumer's financial circumstances. Sometimes defaulting and ending an agreement is fair as that will prevent a consumer going further into debt.

Mr D again experienced financial difficulties in October 2024 and missed that month's payment as well as the following payment. Moneybarn did try to make contact with Mr D over the two missed payments and in November he emailed and asked for an income and expenses form plus support for his position.

Moneybarn has accepted it gave him the wrong information about having to make contact over the phone and it agrees that it gave the same wrong information a week later. It also says Mr D's third email asking for the income and expenses wasn't responded to. I think Moneybarn has therefore acknowledged that its service to Mr D wasn't what he reasonably could have expected. Moneybarn had offered Mr D £50 for its failures but says that it agrees with £150 compensation as recommended by our investigator.

I think £150 compensation to Mr D for Moneybarn's service is fair. It didn't provide him with the correct information about making contact with the Customer Operations Team and then did not respond to his request for an income and expenses form. I think these errors will have caused him inconvenience and distress. These actions were not in line with the Consumer Duty. I also accept this will have delayed how Mr D dealt with arrears meaning he

didn't mitigate his position.

I've seen that Mr D says £150 compensation is inadequate to deal with the impact on his credit file. However, a business is under an obligation to accurately and fairly report information to the credit reference agencies. Mr D had missed at least two monthly payments by December 2024, and had made no attempts to either clear the arrears or make part payments. While I accept Mr D wasn't supported as he should have been by Moneybarn in terms of being provided with an income and expenses form, I haven't seen any evidence that Mr D was in a position where he could clear all of, or the majority of, the arrears and resume his payments as per the agreement. So even with the poor customer service, I think it's more likely than not that Mr D's account would have still had missing payments.

I therefore think that the missing payments being reported for October and November were an accurate reflection of Mr D's management of his account. This means any adverse impact on his credit file and his ability to obtain further credit aren't as a result of Moneybarn having done anything wrong.

For the reasons set out above, I'm partially upholding Mr D's complaint.

Putting things right

I'm asking Moneybarn to pay Mr D £150 compensation for the distress and inconvenience caused to him by its handling of his enquiries about his account. I'm not awarding compensation for any adverse impact on his credit file.

My final decision

As set out above, I'm partially upholding his complaint. I'm asking Moneybarn No. 1 Limited to pay Mr D £150 compensation for the distress and inconvenience caused to him by its handling of his enquiries about his account.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 28 July 2025.

Jocelyn Griffith
Ombudsman