

The complaint

Miss L complains about the compensation that Moneybarn No. 1 Limited had paid her for mis-selling a conditional sale agreement to her.

What happened

A used car was supplied to Miss L under a conditional sale agreement with Moneybarn that she electronically signed in January 2021. The price of the car was £7,495, Miss L made an advance payment of £1,995 and she agreed to make 59 monthly payments of £193.12 to Moneybarn.

Miss L complained to Moneybarn in December 2023 that the conditional sale agreement had been mis-sold to her and was unaffordable for her. Moneybarn upheld her complaint in January 2024 and said that it would: remove the negative markers from her credit file; deduct the total sum she'd paid to it of £8,756.70 from the price of the car and refund to her the overpayment of £1,261.70, with interest, so a total of £1,320.55. It also said that title in the car would be passed to her.

Miss L complained to this service later than month about the amount that Moneybarn had offered her. That complaint was looked at by one of this service's investigators who said in August 2024 that he thought that Moneybarn's offer to put things right for Miss L was fair. Before that, Moneybarn had said in March 2024 that it had reviewed the payment plans that it had put in place and it was clear that it should have taken earlier steps to end Miss L's agreement so it said that it had applied a credit of £2,590.45 to her account which reduced the outstanding balance to £2,041.93.

Miss L made another complaint to Moneybarn in September 2024 and it said in November 2024 that: it could see that Miss L hadn't received the refund of £1,320.55 and it had credited her agreement with £2,590.45. It apologised for the distress and inconvenience caused and offered Miss L a payment of £200.

Miss L didn't accept that offer and made another complaint to this service. Moneybarn then agreed to increase its offer of compensation to £350. Miss L's complaint was looked at by another of this service's investigators who, having considered everything, thought that Moneybarn's offer did enough to put things right so he didn't recommend that it should do anything more.

Miss L didn't accept the investigator's recommendation and asked for her complaint to be referred to an ombudsman. She says, in summary, that the compensation offered in March 2024 shouldn't have been deducted from the amount that Moneybarn had admitted was owed to her.

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 this decision, I'm only considering Miss L's complaint about Moneybarn's response to the complaint that she made to it in September 2024 and I'm not considering the issues that were included in the complaint that she made to it in December 2023.

Moneybarn said in January 2024 that it hadn't been able to satisfy itself that the lending that took place was suitable for Miss L and that it would: remove the negative markers from her credit file; deduct the total sum she'd paid to it of £8,756.70 from the price of the car and refund to her the overpayment of £1,261.70, with interest. It then said that it had reviewed the payment plans that it had put in place and it was clear that it should have taken earlier steps to end Miss L's agreement so it had applied a credit of £2,590.45 to her account which reduced the outstanding balance to £2,041.93.

That was a separate review of the payment plans that it had put in place and I consider that Moneybarn ought to have been aware at that time that there was no outstanding balance on Miss L's account. I also consider that a refund of the payments that she'd made to it, that was part of its January 2024 response to her, included any compensation that would have been due to her for the issues with her payment plans. I consider that it was an error by Moneybarn to say that it had applied a credit of £2,590.45 to her account as there was no outstanding balance owed by her at that time. It then repeated that error in its November 2024 response to her complaint.

The price of the car was £7,495 and Miss L made an advance payment of £1,995 so the amount of credit provided to her by Moneybarn was £5,500. Moneybarn agreed to deduct the total amount of £8,756.70 that she'd paid to it, which included the advance payment of £1,995, from the price of the car so I consider that the refund of £1,261.70, with interest, that it applied was correct. Miss L has confirmed that she's received that refund.

Moneybarn's errors in its March and November 2024 letters have caused distress and inconvenience for Miss L and she's described in her complaint form the impact that they've had on her. Moneybarn offered to pay £200 compensation to Miss L for that distress and inconvenience and it has agreed to increase its offer to £350. I consider that £350 compensation is fair and reasonable compensation for the distress and inconvenience that Moneybarn has caused to Miss L. I'm not persuaded that Miss L should receive any of the credit of £2,590.45 that I consider that Moneybarn has referred to in error or more compensation than the £350 compensation that it has now offered to her pay to her. Nor am I persuaded that it would be fair or reasonable for me to require Moneybarn to take any other action in response to Miss L's complaint.

Putting things right

I find that it would be fair and reasonable in these circumstances for Moneybarn to pay a total of £350 compensation to Miss L for the distress and inconvenience that she's been caused. That's the £200 that it offered to her in November 2024 and the additional £150 that it has since agreed to pay to her.

My final decision

My decision is that I uphold Miss L's complaint and order Moneybarn No. 1 Limited to pay £350 compensation to her.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss L to accept or reject my decision before 2 September 2025.

Jarrold Hastings
Ombudsman