

## **The complaint**

Mr A is unhappy with how Moneybarn No. 1 Limited treated him when he got into financial difficulty in relation to a conditional sale agreement taken to finance a car.

## **What happened**

In March 2024 Mr A was supplied with a used car through a conditional sale agreement with Moneybarn. The agreement was for £12,670 over 60 months; with 59 monthly payments of £214.75.

Mr A said that he'd missed some payments due to exceptional circumstances. He said that Moneybarn were now looking to repossess the car. Mr A said that Moneybarn hadn't fully considered his circumstances as a vulnerable consumer. He said that he needs the car on a daily basis.

He wanted Moneybarn to come to an arrangement where he can make payments and keep the car.

Moneybarn said that in May 2024 Mr A missed the second payment due on the agreement. They contacted him and he told them he was off work following an operation. They said Mr A made a manual payment, but then missed the next payment due on 2 July 2024. He told them his bank account had been frozen due to fraud.

They said they gave him time to fix the situation. They spoke to Mr A in August 2024 when he told them he had recently lost his father. They said they reviewed his finances at that time and found he had a negative disposable income.

They said that by October 2024 Mr A had missed four of the seven monthly payments, with arrears totalling £1,503. They said they had given him significant opportunities to address the situation. They said that he wasn't able to do so, and to allow him to remain in the agreement would increase his liability and worsen his financial position.

Mr A was unhappy with this response, so he referred his complaint to our service for investigation.

Our investigator said that Moneybarn considered Mr A's medical and financial situation on several occasions and provided account holds and payment extensions. She said they took reasonable steps to engage with him and understand his circumstances before any decision to issue defaults and payment reminders. She felt it was reasonable for Moneybarn to terminate the agreement considering the missed payments. She didn't think that Moneybarn made an error or caused Mr A any financial loss, distress, or inconvenience that would warrant compensation.

Mr A didn't agree with the investigator. He said he couldn't be without the car as he and his son were disabled. He also said that Moneybarn hadn't made him aware of the total amount payable. He said this was in breach of the agreement. Our investigator advised Mr A that

this was a new complaint and would need to be raised with Moneybarn before we could consider it.

Because Mr A didn'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.

Having done so, I've reached the same overall conclusions as the investigator, and for broadly the same reasons. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome. Where evidence has been incomplete or contradictory, I've reached my view on the balance of probabilities – what I think is most likely to have happened given the available evidence and wider circumstances.

In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and (if appropriate) what I consider was good industry practice at the time. Mr A was supplied with a car under a conditional sale agreement. This is a regulated consumer credit agreement which means we are able to investigate complaints about it.

Mr A complains that Moneybarn didn't treat him fairly or reasonably when he told them he was in financial difficulty, and that he was vulnerable.

As a regulated firm, Moneybarn must abide by rules set out by the Financial Conduct Authority in its handbook. Section CONC 7.3 explains what firms like Moneybarn must do when consumers are in financial difficulty.

CONC 7.3.4 states:

*"A firm must treat customers in or approaching arrears or in default with forbearance and due consideration."*

CONC 7.3.6 states:

*"Where a customer is in default or in arrears difficulties, a firm should allow the customer reasonable time and opportunity to repay the debt."*

Importantly, and I think relevant in this case is CONC 7.3.5B. This says that firms like Moneybarn must:

*"take all reasonable steps to ensure that any repayment arrangements agreed with customers are sustainable".*

Mr A failed to make many of his monthly payments, from as early as the second payment due on his agreement. Moneybarn made several attempts to contact him, and in correspondence they included details of how to pay, and who to contact if he was struggling to make payments. On this occasion, when he first failed to pay, they eventually managed to speak to him and he explained he'd missed the payment as he'd been in hospital for an operation. Moneybarn recorded his vulnerability due to health reasons.

Mr A made that payment later. But his next payment bounced. This led to Moneybarn issuing a "Notice of Sums in Arrears" on 30 July 2024 – a legal notice required under section 86(B) of the Consumer Credit Act 1974. At this point Mr A was two months (£429.50) in arrears.

Mr A told Moneybarn that his bank account had been frozen due to fraud. Moneybarn agreed to put his account on hold until the issue had been resolved with the bank, and then they would then discuss a payment plan with him.

In August 2024, with arrears growing they spoke and wrote to Mr A explaining his options to exit the agreement. Mr A confirmed he could afford the normal monthly payment. He also said he would soon be in a position to clear the arrears.

By 16 October 2024 his arrears were £859. Moneybarn sent a letter advising Mr A of the high level of arrears and explaining his options to return the car, and what would happen if they had to terminate the agreement.

No response was received so on 6 November 2024 they sent him another letter advising the arrears were now at £1,073. The exit options were again explained and the letter informed Mr A that a default notice would be issued if no contact was received.

On 15 November 2024 a default notice was issued. This informed Mr A that he needed to pay the arrears of £1,073, and the steps they would take to terminate the agreement if payment wasn't made.

Mr A contacted Moneybarn on 20 November 2024. He said he could pay the monthly payment but asked that the arrears be added to the end of the agreement. After reviewing his income and expenditure, Moneybarn calculated that, based on his low level of disposable income, it would take too long to clear the arrears. I think that was a reasonable outcome to reach given the small amount of disposable income and the arrears at more than £1,000.

On 13 January 2025 Moneybarn issued another Notice of Sums in Arrears informing arrears had now risen to £1,073. By this point Mr A had missed five monthly payments.

In February 2025 Moneybarn changed the payment date for the direct debit payment. Mr A told them he was now in receipt of a new benefit and could increase his monthly payment to £350. Moneybarn issued income and expenditure forms. But the next payment due on 4 March 2025 failed.

Mr A had now missed seven monthly payments and the arrears amounted to £1,503. Moneybarn reviewed Mr A's income and expenditure and concluded again that due to the high level of arrears and the seven missed payments, he couldn't afford to clear the arrears. So on 4 March 2025 Moneybarn sent a letter setting out exit options, and advising they would terminate the agreement if Mr A didn't choose an option.

They followed this up with an email Mr A on 12 March 2025, advising he needed to choose an exit option as they couldn't agree a payment plan to clear the arrears. They said they would issue a default notice if he didn't tell them his preferred method of exiting the agreement.

I've summarised above the contacts between Moneybarn and Mr A during the first year of the agreement. It appears to me that very quickly Mr A had difficulty making the payments set out in the agreement he had entered into. Mr A said this was due to individual events.

Moneybarn were fully aware of Mr A's vulnerabilities, and allowed him time to resolve issues. But they were also aware of their regulatory responsibilities, so on several occasions obtained new income and expenditure information to assess the situation.

They explained why they believed they couldn't agree a payment arrangement that would mean the arrears could be paid in a reasonable period of time. That was because of the

small amount of disposable income, and the increasing arrears. On several occasions Mr A missed payments after telling them he would be in a position to make the payment.

I'm satisfied that Moneybarn treated Mr A appropriately and in line with the rules set out in the FCA Handbook.

I'm satisfied that Moneybarn were aware of Mr A's vulnerability, and took appropriate steps to ensure they dealt with him accordingly. I can see from their notes that they noted the reasons for his vulnerability, and his communications were handled by a specialist support team. I see that they regularly reviewed these notes, checked with Mr A if the position had changed, and recorded his consent to record this sensitive information.

I can also see that they signposted Mr A to specific agencies who may have been able to help him with his vulnerabilities. I'm satisfied they considered this information, and provided him with additional time to resolve his issues.

I know this will be disappointing for Mr A, but I'm satisfied that Moneybarn treated him fairly and reasonably, and in line with the expectations set out in the FCA Handbook. Moneybarn identified his vulnerabilities and the difficulty he had making payments from an early stage.

They actively took steps to work with him, allowed him time to resolve matters, provided details of support available, and frequently reviewed his financial position.

I'm persuaded by the information they provided that it was reasonable for them to conclude that any payment plan with Mr A would be unsustainable and unaffordable.

When he entered into the agreement Mr A was supplied with a document that set out the "key features" of the agreement. Section 6 of that document explained what would happen if he failed to make payments. It included the following:

*"If you don't make your payments on time, the following things may happen:*

- We may end the agreement and repossess the vehicle."*

Mr A signed the document, confirming he'd read and considered the information in it.

Mr A has missed payments, and Moneybarn clearly explained to him in calls and correspondence the amount of the arrears, and what his options were. I've explained above why I'm satisfied they met their regulatory obligations, and considered Mr A's individual circumstances before issuing default notices.

So I'm satisfied Moneybarn have not acted unreasonably or unfairly.

### **My final decision**

For the reasons explained, I don't uphold Mr A's complaint about Moneybarn No. 1 Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 26 August 2025.

Gordon Ramsay  
**Ombudsman**