

The complaint

Mr P complains about how MONEYBARN NO.1 LIMITED trading as Moneybarn ("Moneybarn") dealt with the settlement of his loan agreement.

What happened

The background to this complaint is well-known to both parties, so I will only summarise the main points.

In October 2024, Mr P sent a cheque to settle the outstanding balance of a conditional sale agreement he took out with Moneybarn. Moneybarn initially confirmed to Mr P that the agreement was settled but then explained to him the cheque couldn't be cashed. So, Moneybarn said to Mr P the account hadn't been settled and sent him payment reminders and default notices.

Mr P complained to Moneybarn saying he'd settled the account and Moneybarn had acknowledged this. So, he didn't understand why he was being sent letters asking him to make payments.

Moneybarn partially upheld Mr P's complaint. They said they'd been told by the receiving bank that the cheque hadn't been accepted because the sort code on the bottom wasn't valid. Moneybarn said Mr P's agreement was therefore reinstated and the agreement was now in arrears. Moneybarn did say they had made some errors and caused confusion and offered Mr P the same early settlement figure they had given him in October 2024 to settle the account.

Mr P wasn't happy with Moneybarn's response and referred his complaint to our service. One of our investigators looked into what happened but didn't recommend that Moneybarn needed to do anything.

Mr P didn't agree and so his complaint has been passed to me for a 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.

The dispute between Mr P and Moneybarn arose following the cheque that Mr P sent to settle his conditional sale agreement. I've looked at a copy of the cheque and I'm satisfied that Moneybarn's interpretation of the validity of this was reasonable. They said the payee sort code and account number was for a Government Banking account and it wasn't possible for a private individual to hold such an account. So, they felt Mr P wasn't a valid signatory for the account in question and wasn't authorised to use funds from that account to make personal payments.

I have no reason to doubt Moneybarn's position on this and I note that Mr P has been asked to provide suitable evidence to show he had money in the account on which the cheque was drawn but hasn't provided that evidence.

I do appreciate that Moneybarn initially accepted the cheque and told Mr P the account was settled. However, in my view they've given a plausible reason why the agreement remained unsettled. I've considered Mr P's points on why he feels otherwise noting he has referred to several pieces of legislation such as the Bills of Exchange Act 1882. However, I still don't think Moneybarn acted unreasonably, and Mr P may wish to present his arguments about how legislation finds in his favour in a court of law, as that might be a more suitable forum for him.

Mr P has also mentioned that Moneybarn failed to correspond with him for some time about his dispute and destroyed the cheque without telling him. Moneybarn did accept they made some errors in how they handled the dispute and offered to reinstate the early settlement figure they originally gave Mr P. I think overall that was a fair offer considering the circumstances.

I know Mr P feels strongly about this matter, but I don't think Moneybarn has acted unreasonably. So, I don't uphold this complaint,

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 31 October 2025.

Daniel Picken
Ombudsman