

The complaint

Mrs M complains that Moneybarn No. 1 Limited (Moneybarn) defaulted her account.

Mrs M has been represented at times but as Mrs M is named on the agreement I will refer only to her in this decision.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mrs M entered into a conditional sale agreement with Moneybarn. Arrears built up on the account. On 17 February 2025 Mrs M's representative called Moneybarn to try to arrange a repayment plan with them. As the agreement had been the subject of a previous complaint this Service had considered Moneybarn said they would contact us and get back to Mrs M in a few days. Mrs M didn't hear from Moneybarn until 10 March 2025 when they sent her a notice of default. That notice asked her to repay the arrears on her account and explained that if she didn't do so the account would be defaulted on 30 March 2025. As the arrears weren't cleared the account was defaulted.

Mrs M complained to Moneybarn but unhappy with their response she referred her complaint to this Service. Our investigator agreed that Moneybarn had failed to call Mrs M back and she thought they should pay her £150 in compensation as a result. But she didn't think Moneybarn needed to remove the default.

Mrs M disagreed so her complaint has been referred to me, an ombudsman, 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.

I know it will disappoint Mrs M, but I'm not upholding this complaint. I'll explain why.

Where the information I've got is incomplete, unclear, or contradictory, as some of it is here, I have to base my decision on the balance of probabilities.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. 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.

Mrs M acquired her car under a regulated consumer credit agreement and as a result our service is able to look into complaints about it.

When a consumer is in financial difficulty, we would expect a business to be sensitive and supportive and to show some forbearance. I think Moneybarn did that as I can see they had previously been prepared to provide payment plans to help Mrs M, but they'd been broken, and they didn't have to agree a further repayment plan. I can't see that this Service ordered them to do so when we upheld Mrs M's quality of goods complaint earlier this year.

The Information Commissioner's Office (ICO) says when a consumer is at least three months behind with their payments then a default may be registered. And it would expect a default to be registered by the time the consumer is six months behind with their payments. We'd generally take a similar view.

By the time Moneybarn sent Mrs M a default notice on 10 March 2025 she was more than four months in arrears. So, I don't think they were wrong to send the notice of default or to subsequently default the account when the arrears weren't paid. I say that because:

- They'd written to Mrs M on 27 February 2025 after the call with their agent. The letter explained that there were significant arrears and that they hadn't been able to agree an affordable repayment plan. In those circumstances, I think it would have been clear to Mrs M that a repayment plan wasn't being agreed. While Mrs M disputes having received the letter, I can see Moneybarn's system notes confirm it was raised and I think it's likely it was sent.
- And, regardless, by 18 February 2025 Mrs M had been in touch with our Service and was aware we hadn't instructed Moneybarn to arrange a repayment plan and that we wouldn't be doing so.
- While I would expect Moneybarn not to default an account while a repayment plan was active, there wasn't one in place when the account was defaulted nor was there a reasonable expectation one would be agreed.

So, I don't think Moneybarn were unreasonable to default the account.

I do think Moneybarn caused Mrs M some distress and inconvenience here as they failed to call her back when they'd promised to. In those circumstances they should pay Mrs M £150 in compensation but I'm not asking them to do anything more than that.

My final decision

For the reasons I've given above, I uphold this complaint in part and tell Moneybarn No. 1 Limited to pay Mrs M £150 in compensation for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 18 October 2025.

Phillip McMahon
Ombudsman