

The complaint

Mr B complains about the way MONEYBARN NO.1 LIMITED trading as Moneybarn are reporting a finance agreement he had with them to the Credit Reference Agencies (CRA's). He says he didn't receive correspondence about the amount owed and that Moneybarn have been unreasonable to pass information to a third party.

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.

Mr B entered into a conditional sale agreement with Moneybarn in January 2020. The total amount to pay under the agreement was £29,687.57. In June 2021 he voluntarily terminated the agreement and the car was returned to Moneybarn. Mr B subsequently complained to Moneybarn, he said he hadn't received the final bill or notice of default and that the agreement should have been reported to the CRA's as terminated with a zero balance and that any shortfall should be reported separately. He said they were unreasonable to backdate the default when their failure to register it in the first place became apparent.

Moneybarn didn't think they'd done anything wrong. They explained that they'd sent notice of intent to default the account and a final bill and that they had to report account activity accurately and were within their rights to backdate the default they were now reporting.

Mr B referred his complaint to this service, but our investigator didn't think Moneybarn had done anything wrong. Mr B therefore asked for a final decision by an ombudsman. He asked that the ombudsman review carefully whether Moneybarn had calculated the amount due on voluntary termination correctly under the 'Half rule' and whether they were obliged to report the agreement as terminated with a zero balance to the CRA's after voluntary termination. It was Mr B's assertion that the relevant legislation required them to do so and to report the shortfall on the agreement separately.

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 agree with the investigator's view of this complaint and for broadly the same reasons.

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.

Mr B acquired his car under a regulated consumer credit agreement. This means our service is able to consider complaints about it.

Mr B says he didn't receive the default notice or final bill that Moneybarn claims to have sent. While it's possible he didn't receive them, Moneybarn only needs to show the documents were properly sent, not that they were received. Based on their system notes, I'm satisfied that they were sent. On balance, I think Mr B should have been aware of the outstanding balance, and the default notice was issued in line with the agreement and regulatory requirements. So, I don't think it was unfair for Moneybarn to rely on those documents.

The purpose of a default date is to show when Moneybarn concluded the agreement had broken down and the account was no longer being managed properly. According to the Information Commissioner's Office (ICO), a default can be registered when a consumer is at least three months behind on payments and should normally be registered by six months in arrears. By May 2021, Mr B's account was more than three months overdue, so that was the right time to register the default. Although Moneybarn didn't do this until 2025, backdating the default was appropriate because it accurately reflects how the account was managed.

There's no regulatory requirement for Moneybarn to report the shortfall as a separate record to the credit reference agencies. Doing so could be misleading because the shortfall comes from the same conditional sale agreement, not a separate debt.

Section 100 of the Consumer Credit Act 1974 limits a consumer's liability on voluntary termination to half the total price, minus any payments already made. It doesn't include resale proceeds in that calculation. Once the agreement ended, what Moneybarn did with the car is separate from this statutory cap. If resale proceeds were meant to be included, the law would say so explicitly—but it doesn't. Moneybarn deducted the payments made towards the agreement from half of the total amount payable under it. I've seen no error in that calculation.

Finally, the finance agreement allowed Moneybarn to transfer its rights and duties to a third party, so I don't see anything wrong with them doing that

Ultimately, I don't think Moneybarn's actions have been unreasonable here and I'm not asking them to take any action.

My final decision

For the reasons I've given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 3 February 2026.

Phillip McMahon
Ombudsman