

The complaint

Mr S complains that MONEYBARN NO.1 LIMITED trading as Moneybarn didn't provide adequate support when he was recalled to prison.

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 S took receipt of a car in September 2023. He financed the deal through a conditional sale agreement with Moneybarn.

In November 2024 he was recalled to prison. He wrote to Moneybarn to explain and asked them to approve a three-month payment break. He made no further payments towards the agreement. Moneybarn didn't approve the break as they didn't think Mr S had any source of income to repay the debt, but they sent all communication, including arrears letters, to his ex-partner's address instead of to the prison. In May 2025 Mr S's partner contacted Moneybarn and it was agreed that they would allow him to Voluntarily Terminate (VT) the agreement. The car was taken back and sold and the proceeds credited toward the balance of the agreement.

Mr S complained to Moneybarn. He was upset that Moneybarn had failed to update his contact details, and he explained that oversight had led to the account defaulting and him losing his car.

When Mr S was dissatisfied with Moneybarn's response he referred his complaint to this service. Our investigator noted that Moneybarn had accepted there were communication failings and that they had offered £300 in compensation. He thought that was reasonable, but he didn't think Moneybarn had made errors when managing the account. As there was no income to support repayments he didn't think they'd been unreasonable to reject a payment break, and he thought they'd reported missed payments to the credit reference agencies accurately as they were obliged to.

Mr S was still dissatisfied, and he asked for a final decision by an ombudsman.

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

I don't think Moneybarn were unreasonable to reject a payment break request from Mr S. There was no realistic prospect he would be able to resume payments; he had no income and there was no clear timeframe after which payments would resume. I think they were entitled to form the opinion that a payment break would merely delay arrears rather than resolve them.

Moneybarn made mistakes in how it communicated with Mr S. In particular, Moneybarn failed to update Mr S's contact details and, as a result, important correspondence was not received for a period of several months. This fell below the standard of service Mr S was entitled to expect and would reasonably have caused distress and inconvenience, especially given Mr S's circumstances at the time.

However, when I consider what difference this failing made in practice, I'm not persuaded it led to a materially worse outcome for Mr S.

The evidence suggests Mr S didn't have the means to maintain payments towards the agreement from November 2024. Even if Moneybarn had communicated effectively throughout, Mr S was not in a position to bring the account back up to date or to resume payments. In those circumstances, arrears were, in my view, inevitable. I'm therefore not satisfied that earlier or better communication would have prevented the need to return the car and end the agreement and, in the circumstances, I think VT was the best option.

While VT was ultimately arranged through Mr S's partner, I'm satisfied this was a practical response to the situation and that the agreement was ended in line with the contract and the relevant legislation, the Consumer Credit Act 1974. I don't consider it unfair for Moneybarn to hold Mr S responsible for the resulting balance, nor do I think the communication failures mean the balance should now be set aside.

Taking everything into account I'm satisfied that the appropriate remedy is compensation for the distress and inconvenience caused by Moneybarn's poor communication, rather than any substantive financial redress. In my view the £300 Moneybarn has offered fairly reflects the impact of its service failings and is sufficient to put matters right.

Moneybarn have an obligation to report account performance accurately to the credit reference agencies. Mr S didn't make payments towards his account from November 2024, and I can't therefore say Moneybarn were unreasonable to report those as that was an accurate picture of the account performance. As the agreement has been VT'd it will now be reported as that to show that the account has ended lawfully at Mr S's election.

Mr S has suggested Moneybarn were unreasonable to seize the vehicle and that they may not have been able to take it back if he'd paid more than a third of the total amount payable, at least without a court order. But Moneybarn haven't seized the car, the agreement has been voluntarily terminated and in those circumstances the car was returned voluntarily so it could be sold at auction and the proceeds used to reduce the amount Mr S owed.

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 S to accept or reject my decision before 17 February 2026.

Phillip McMahon
Ombudsman