

complaint

Mr R complains that Moneybarn No. 1 Limited, trading as Moneybarn, is refusing to refund him three repayments he had made to it. Mr R said that his repayments shouldn't belong to Moneybarn because it had already received repayment of the money it had paid from the dealership, as the car it financed was faulty. The complaint is brought to this service on Mr R's behalf by a relative, Mrs R. But for simplicity I shall refer below to all actions being taken by Mr R.

background

Mr R had entered into a conditional sale agreement with Moneybarn in late April 2015 to finance a car. Within a month of having the car, Mr R noticed that it was consuming much more oil than was normal. He established there was a design fault and the car was returned to the dealership ("D") on 27 July 2015, and a courtesy car was provided to him the following day. D then repaid Moneybarn the full amount it had paid for the car. Moneybarn then unwound Mr R's agreement. But as Mr R had paid Moneybarn three monthly repayments totalling £1,644.09, he would like these refunded and he is unhappy that Moneybarn is refusing to refund this amount. Mr R said that the money doesn't belong to Moneybarn as it had received its money back from D. He also said that Moneybarn had said that the repayments would be refunded to him in exceptional circumstances.

Moneybarn said that it had treated Mr R fairly and reasonably. It said that Mr R hadn't been inconvenienced as he had been supplied with a like for like courtesy car. So, it didn't feel it was appropriate to refund any of the monthly instalments he had made. It had also released Mr R from the agreement as soon as it became aware of the issues he had faced.

The adjudicator concluded that Moneybarn should pay Mr R £150 compensation due to both the loss of enjoyment Mr R experienced as he hadn't had the car he was paying for, and the provision of a lower quality courtesy car. The adjudicator didn't recommend that Mr R's three monthly payments be returned to him, as he had effectively had use of the car for the period for which he had made the payments.

Mr R disagreed and responded to say, in summary, that Moneybarn shouldn't have profited from what had happened. The fact that he received a courtesy car had nothing to do with Moneybarn. He had been advised to seek damages and as the agreement was terminated within six months, he should get his money back.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I note that Mr R had made three monthly payments under his agreement which covered the period from when he collected the car on 1 May 2015 until 31 July 2015. As Mr R was able to use the car from 1 May 2015 until 27 July 2015, when it was returned to D, there were only five days for which Mr R had paid for the use of the car during which he didn't have it. But, as Mr R had received a courtesy car from 28 July 2015, albeit a lesser quality car, I don't think that it is appropriate that he receives a refund of the three payments he had made. I also note that he was able to use the courtesy car until he obtained a new car in early October 2015.

I note that Mr R said that he was told by Moneybarn that he would get his three monthly payments back in exceptional circumstances. Moneybarn said that it had never said that he would get this money back, only that there was a chance that he might and a decision would be made about this upon review of his agreement.

I also note that Mr R is unhappy that Moneybarn has benefitted from the matter as it has received its money from D. But, I don't think that it would be reasonable for me to order Moneybarn to compensate Mr R because of this.

I note that Mr R is seeking damages. Damages are awarded by the courts. This service is an alternative to the courts and we award what we decide is appropriate in each case. If Mr R is unhappy about the award I have made in this decision, he does not have to accept my decision, and his legal rights remain intact.

Overall, I agree with the adjudicator that an award of £150 compensation is appropriate to compensate Mr R for not having the car he had been paying for over five days, and for being provided with a lesser quality courtesy car for this period.

my final decision

My decision is that I uphold this complaint in part. In full and final settlement of it, I order Moneybarn No. 1 Limited, trading as Moneybarn, to pay Mr R £150.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 14 January 2016.

Roslyn Rawson
ombudsman