

complaint

Mr I is unhappy with the way Moneybarn No. 1 Limited has dealt with him when he experienced financial difficulties and it terminated a finance agreement for a car.

background

Mr I bought a car in October 2015 with finance from Moneybarn. After making a few payments he experienced financial difficulties because of a problem with his bank account and arrears arose. Mr I is unhappy that Moneybarn wouldn't allow him to repay the arrears on his account and that it repossessed the car. He was also unhappy because he had problems communicating with Moneybarn. He disputes the amount he now owes as he feels the charges added by Moneybarn to cover the cost of getting the car back and checking it over were unfair.

Our investigator felt this complaint shouldn't be upheld. He said:

- Mr I rang Moneybarn after his direct debit payment to them in February 2016 was not paid. Moneybarn rang and emailed him regularly over the next month asking him to contact it about his arrears and he did not answer.
- He could see that Mr I complained that Moneybarn attempted to call him during his work hours instead of after 7pm as he'd requested, and that this caused problems for him. Moneybarn asked him to make contact, which he could have done by email or by telephone at a time that was better for him; Moneybarn needed to know more about what was happening.
- We expect lenders to respond positively and sympathetically to people in financial difficulties. But that doesn't make it their responsibility to get in touch with customers to resolve things, so long as they make reasonable attempts. We also expect the customer to make every reasonable effort to sort out the problems.
- As Moneybarn didn't hear from Mr I, it was reasonable for it to apply a default; this stopped the interest and charges increasing more.
- After the default notice, Mr I contacted Moneybarn again to complain about the timing of its calls to him. He also said he couldn't afford the payments. Since there didn't seem to be any immediate suggestion that the situation was going to improve, it wasn't unfair for Moneybarn to recover the car to prevent Mr I falling further into debt and recover some money by selling it.
- Overall Moneybarn has acted reasonably. The agreement was correctly terminated and it hasn't made an error calculating the balance Mr I now owes.

Mr I doesn't agree. He asked for an ombudsman review.

Moneybarn has said Mr I did not keep in contact with it after his financial problems began. He did not answer phone calls or emails. By the time the default notice was served he had missed 5 monthly payments. It was necessary to terminate the account to prevent more arrears accruing. The finance agreement allowed Moneybarn to charge Mr I for the cost of recovering the car. It also allowed them to charge him for having it inspected to see how

much the car was worth and whether it needed any work. They could have charged Mr I for other things like new tyres to replace the two that were slashed, but did not.

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 agree with the investigator's conclusions for the same reasons.

Taking everything into account I think Moneybarn acted reasonably. It responded positively and sympathetically when Mr I fell into arrears and gave him time to sort things out with his bank. It's unfortunate Mr I didn't let Moneybarn know what was happening or try to agree a plan for his arrears. I think Moneybarn was entitled to terminate his agreement as it did.

The outstanding amount Moneybarn now wants Mr I to pay appears to be fair. If he's still experiencing financial difficulties, I would urge him to contact and co-operate with Moneybarn to discuss and hopefully agree a repayment arrangement that is affordable for him. And I would remind Moneybarn of its continuing obligation to treat Mr I positively and sympathetically whilst his difficulties continue.

Mr I thinks Moneybarn did not follow the law under the Consumer Credit Act in his case. I do take the law into account but make decisions based on what is fair and reasonable, as our statutes require us to do.

Overall, although I recognise Mr I's frustration, I'm not in a position to tell Moneybarn what they should do, as I agree with our investigator they've not done anything wrong.

my final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 24 May 2017.

Margaret Hughes
ombudsman