

## **complaint**

Mr T complains that Moneybarn No. 1 Limited has wrongly charged him a late fee on his account.

## **background**

Mr T missed a payment on his agreement for May 2016. Moneybarn applied an £18 late fee in line with its terms and conditions. Mr T called Moneybarn to explain that he would pay the arrears over two payments starting on 25 June. Moneybarn didn't agree to this proposal. Mr T made a manual payment of his contractual monthly instalment on 25 May. Moneybarn used this towards Mr T's arrears and then attempted to take his direct debit as usual on 1 June. The direct debit failed and Mr T was charged a further £18. He says this is unfair because the May payment was his contractual instalment that was paid early.

Our adjudicator didn't recommend that the complaint was upheld. She thought that Moneybarn hadn't done anything wrong and it was entitled to make the charges in line with the terms and conditions. Mr T didn't agree and replied to say in summary that Moneybarn knew the payment was for his monthly instalment and it was unfair for it to charge him another fee.

## **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 have listened to all the calls that Mr T had with Moneybarn about this issue. Moneybarn explained very clearly that it didn't accept Mr T's proposal to pay his monthly instalment on 25 May and then start the repayment of his arrears in June. Mr T was advised that his account was in arrears and this would have an effect on his credit file. He was told that there was no repayment arrangement agreed. Mr T said that he was going to make the repayments as he explained.

Mr T was clear with Moneybarn that he would repay his agreement as he had proposed. Moneybarn was equally clear that it didn't accept this because Mr T had disposable income available to him.

The agreement that was signed by Mr T requires him to pay monthly by direct debit and Moneybarn can make a charge for any failed direct debit payment. The direct debit for May failed and Mr T accepts the charge for this. Mr T made a manual payment in May for the contractual instalment due in June. Moneybarn used this towards Mr T's arrears because there was no repayment plan in place. The direct debit for June failed and a further £18 charge was added.

Although I understand why Mr T is upset I can't say that Moneybarn has made a mistake or been unreasonable. Moneybarn made it clear that it didn't accept Mr T's proposal and in the circumstances I can't say this was wrong. It tried to arrange a payment plan but Mr T didn't agree and wanted to spend his disposable income on a non-priority debt. I can't say that Moneybarn was unfair to charge the fee in these circumstances.

I think that the charge was properly applied and I can't ask Moneybarn to remove it.

**my final decision**

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 24 November 2016.

Emma Boothroyd  
**ombudsman**