

complaint

Mrs O complains about the lack of help she received from Moneybarn No. 1 Limited (Moneybarn), when, due to her financial circumstances, she could not make her full contractual payments for the car she acquired under a conditional sale agreement with them.

background

In May 2016, Mrs O acquired a used car which was financed using a conditional sale agreement from Moneybarn. The car had a total cash price of £8,610. The total charge for credit was around £7,140, so the total amount payable was approximately £15,750. The monthly repayments were £267 over a 60-month period.

In April 2018, Mrs O contacted Moneybarn to advise them that towards the end of 2018 she would be going on maternity leave, and that she wished to discuss alternative payment arrangements for this period. She told Moneybarn that she would like to keep the car as long as they agree to take lower payments. Moneybarn say that they advised Mrs O that in order to consider a reduction in her payments, they would want to complete further assessment of her financial position, to make sure she would be able to maintain her finance agreement over the extended time period, following any agreed reduction of payments.

Mrs O agreed with Moneybarn that she would call back to discuss payment arrangements once she was on maternity leave, while already receiving her Statutory Maternity Pay (SMP) and struggling to make the originally agreed payments. So, towards the end of January 2019, Mrs O telephoned Moneybarn. At that time, she told them that she was on maternity leave and receiving SMP. She also said that she completed a new budget with her Debt Management Plan (DMP) provider. Based on this she requested a reduction of monthly repayments for the car. She says her SMP was £490 a month, and her usual car payments were £267 a month, so she was not able to make these payments.

Mrs O says Moneybarn asked her to make an offer of the amount she could pay. She says she made an offer of a £100 a month and confirmed to them that she would be returning to work in November 2019. She says she told Moneybarn that, when she goes back to work, she would be on a guaranteed bonus scheme so she would be able to clear the accumulated payments of approximately £1,500; which she says is not a severe amount of debt. She says Moneybarn rejected this offer and told her that she could only make these reduced payments of £100 for two months. Mrs O says that she also offered to make half of the payment due every month, approximately £134, but this was also rejected. And she says that when she asked what amount would be acceptable to Moneybarn, no figure was provided. So, she says it seems that Moneybarn were not prepared to enter into any arrangement with women whilst on maternity leave, which she says is not very equitable.

In May 2019, Moneybarn wrote to Mrs O. In this correspondence they said Mrs O supplied them with a financial statement which confirmed that her disposable monthly income was £8, not including the car payment. They say this raised concerns around the affordability of the agreement moving forward. They say that when a customer's financial circumstances change, regardless of the reason for the change, they aim to work with the customer to ensure that they are able to remain in possession of the car. However, as a responsible lender, they say they are unable to do so if they consider this to be unaffordable for a consumer, or if it will potentially cause significant financial detriment to a consumer. They go on to say that as Mrs O requested a reduction for a significant period, and the reduction was not factored into the financial statement she had provided, they were unable to evidence that

the agreement was affordable moving forward. They say it would be irresponsible for them to allow a customer to remain in the agreement possibly causing financial detriment.

Mrs O was unhappy with this, so she brought her complaint to this service.

Our investigator thought the complaint should not be upheld.

Mrs O disagreed with the investigator.

So, the complaint has been passed to me to decide.

my findings

I have carefully considered all of the available evidence and arguments provided by Mrs O and Moneybarn to decide what is fair and reasonable in the circumstances of this complaint.

Moneybarn have said that the payment of £100.00 per month was not an arrangement they had accepted beyond March 2019, as they say Mrs O had not provided sufficient evidence that she would be able to afford to maintain the required payments after this period. They say that the budget information provided by Mrs O showed that she only had a disposable income of £8 a month. Moneybarn say her level of disposable income also did not include any monthly payment towards her finance agreement with them and did not leave her with any money for sundries or emergencies. So, they say that as a responsible lender, they could not enter into an arrangement that they believe would be detrimental to Mrs O.

Mrs O says, that Moneybarn is not prepared to enter into any arrangement with women whilst on maternity leave which she says is not very equitable, so she says that she is contesting their terms and conditions and their overall policy as it may inadvertently be affecting women. She says that from the beginning she outlined to Moneybarn that her family member is helping her with the £100 payment, and that she will be in a position to make full payment of £267 on her return to work in November 2019. She also says that Moneybarn's response time was extensively delayed. She says it is clear they did not take her complaint seriously.

Bearing the above in mind, I have looked at whether Moneybarn acted fairly towards Mrs O when she informed them that she was having difficulty repaying her car payments. It is important to note that we consider each complaint on its own facts and merits, so even though Mrs O would like Moneybarn to review their policies, in this decision I am only looking at her individual circumstances. In situations like these, when a consumer's financial circumstances change, the lender (Moneybarn) should treat a consumer (Mrs O) that is in financial difficulties fairly. I would expect Moneybarn to listen to Mrs O and get an understanding of her individual circumstances and to discuss what help is appropriate, and what options she may have.

One way of understanding Mrs O's individual circumstances was for Moneybarn to ask her about her income and expenditure. I can see that Moneybarn has requested this and towards the end of January 2019, Mrs O submitted to them a DMP which showed her income and expenses. From her income and expenses form, I can see that Mrs O had disposable income of only £8 every month, and this was before making any payments towards the finance agreement in question. Also, the DMP does not show any reserves for any emergencies which Mrs O might have been faced with, or how later she would be able to sustain the payments and the arrears which she would incur. So, overall, the proposed

payment arrangement of £100 a month, and its long duration which Mrs O proposed to Moneybarn, does not look like it was affordable for her at the time. This means that it could have caused her further financial detriment. So, I think it was reasonable that Moneybarn did not want to enter into a repayment arrangement which most likely would have been detrimental to Mrs O. And I think their actions were fair, and not discriminatory in any way against Mrs O, as they were acting reasonably by taking her individual circumstances into account.

I know Mrs O says that she could rely on a family member for help to make the £100 monthly payments for her. She has also mentioned that once she is back to work, in November 2019, she will be on a guaranteed bonus scheme, so she will be able to clear the accumulated payments of approximately £1,500; which she says is not a severe amount of debt. But Mrs O did not provide Moneybarn with any specific evidence of this bonus scheme, what that meant for her income, or how quickly she would be able to clear the arrears. And Mrs O may have been able to rely on her family member, but circumstances can change, and this level of support cannot always be guaranteed for such a long period of time. Which means the family member may not have been able to pay her payments when she needed it, and Mrs O's employment circumstances could have changed too. So, I still think that it was reasonable that Moneybarn did not want to enter into a repayment arrangement proposed by Mrs O. Also, I know that Mrs O mentioned that after November 2019, she would be able to pay the usual payment plus clear the arrears, but I can see that since then she has only been making payments of £100, which demonstrates that Mrs O's circumstances did not change, as she has suggested they would.

I see that Moneybarn were corresponding with Mrs O by phone and written correspondence throughout this complaint, and I have not seen anything that would make me think that, more likely than not, their response time was extensively delayed or that they did not take this complaint seriously. I have also looked at the notes from the conversations Moneybarn had with Mrs O and it appears that they have discussed exit options, at least in passing, on two different occasions. However, it seems Mrs O told Moneybarn that she needed the car and returning it was not an option. So, I think Moneybarn acted reasonably in discussing the options available to her.

Mrs O has also mentioned that she is continuously being harassed and now has been issued with a default notice, even though she says Moneybarn was aware this complaint had been referred to our service. She says that she would be grateful if the appropriate notice is outlined on her account and for the default notice to be reversed. But it is important to note that in this decision I am only looking at the events that have been raised by Mrs O with Moneybarn towards the end of January 2019. So, this decision only includes the events that are addressed by the letter Moneybarn sent to Mrs O in May 2019.

While Mrs O has my sympathy, and I can see she was going through a very stressful and difficult time, I cannot reasonably say Moneybarn acted unfairly in any way.

my final decision

For the reasons set out above my final decision is that I do not uphold Mrs O's complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mrs O to accept or reject my decision before 24 March 2021.

Mike Kozbial
ombudsman