

## **complaint**

Mr W complains that Moneybarn No 1 Limited, failed to advise him that freezing payments would adversely affect his credit file. He wants compensation.

## **background**

Mr W asked Moneybarn if it could put payments on hold as he was unwell. Moneybarn agreed. but Mr W received an arrears letter. He says this caused him stress and affected his credit rating. He originally wanted £2,500 compensation.

The adjudicator upheld the complaint. He said that the letter from Moneybarn would have been a shock and caused additional worry particularly due to his ill health. In his view Moneybarn should pay £250 compensation for the hurt and upset caused.

Moneybarn upheld his complaint, but didn't agree to pay £250 compensation. Mr W asked to freeze payments on his car, as he was going in for an operation and couldn't use it for 2 months. It says it didn't apply charges for the missed payments and removed the one late payment from his credit reference file so it doesn't think it should pay compensation.

Mr W originally wanted £2,500 due stress suffered, but now says he would accept £500.

As both disagreed with this view the case has been sent to an ombudsman to consider.

## **my findings**

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

The only issue to decide in this case is the amount of compensation for hurt and upset.

Moneybarn accepted that its agents didn't advise Mr W that the payment breaks would affect his credit file, so it agreed to remove the missed payment from his file. It did not agree to pay him any compensation.

I agree with the adjudicator that it must have been distressing to Mr W to get letters about the missed payments and whilst I note that these are generated automatically, such letters still caused distress. I note that Mr W originally wanted £2,500 due to missing out on cheaper finance, but he confirmed to the adjudicator that he'd been able to get a cheaper loan. I haven't seen anything from his GP about the stress caused, but I am satisfied that the letters would have caused distress to him. Our role is not to punish organisations if the service falls below what is expected, rather to award what is fair and reasonable. In this case £250 is at the upper end of what could be awarded for distress, but it is fair to award it in this case due to the distress suffered at a particularly difficult time for Mr W. But it is not fair to award any more than this as this would be punitive.

## **my final decision**

My final decision is that I uphold this complaint and order Moneybarn No1 Ltd to pay Mr W £250 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 20 March 2018.

Clare Hockney  
**ombudsman**