

complaint

Mrs R has complained that Moneybarn No. 1 Limited want her to pay an outstanding amount after terminating her conditional sale agreement.

background

Mrs R took out a conditional sale agreement with Moneybarn in 2015. Mrs R struggled to make the repayments on the loan and asked Moneybarn what her options were. On returning the vehicle Moneybarn advised that she had money outstanding. After selling the car at auction for £9,300, Mrs R was told she owed £10,015.59. Moneybarn offered to accept half this amount if Mrs R was able to pay within a short period of time.

Mrs R complained to Moneybarn about the level of customer service given to her and the amount of money outstanding on her agreement. This included the defaults which were added to Mrs R's account and Moneybarn's failure to identify she had moved house. Mrs R wasn't happy with Moneybarn's response and so complained to us.

An adjudicator looked at Mrs R's complaint. They concluded that in general Moneybarn had acted reasonably. The adjudicator discussed the debt with Moneybarn and asked them to calculate the lowest possible outstanding debt. Moneybarn said they were willing to treat this as voluntary termination. And confirmed they would accept £7,148.32 in full repayment.

Mrs R wasn't happy with the adjudicator's view. She argued that as the vehicle had been returned via voluntary termination she is only required to pay 50% of the cost. Mrs R says that she has paid £4,900 in total and with the £9,300 for the car added on has already paid more than 50%.

The adjudicator explained to Mrs R that voluntary surrender and voluntary termination are different things. With voluntary termination Mrs R will be required to pay 50% of the cost of the finance agreement.

As Mrs R didn't accept this resolution, I'm completing a final decision.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. And in doing so I've come to the same conclusion as the adjudicator. It wouldn't be fair or reasonable of me to tell Moneybarn to do anything further. I'll explain why.

has Moneybarn's customer service been of a reasonable standard?

Mrs R is unhappy that Moneybarn's customer service was of poor quality. Mrs R has moved twice since she handed back her car and didn't initially tell Moneybarn of her new address. As she'd not paid any of the £10,000 owing, Moneybarn started court action but Mrs R didn't know about this. As Moneybarn weren't initially told about Mrs R moving address I don't think they've done anything wrong.

Mrs R has also complained about Moneybarn's complaint handling process saying her complaint wasn't concluded in the eight week window; in other words to timescales which Moneybarn is required to comply with. However I'm considering the impact of Moneybarn's

actions on Mrs R rather than punishing them for not meeting certain timescales. Having considered this I haven't seen any evidence that there was any impact on Mrs R.

does Mrs R owe Moneybarn any money?

Our adjudicator has discussed with Moneybarn what options they were prepared to offer to Mrs R. With voluntary termination Mrs R can hand the car back having paid half the cost of the credit agreement. Having paid £4,900 in total, Moneybarn advised Mrs R needs to pay them £7,148.32. Mrs R has argued that the sale of the car should be added to the amount paid however this isn't the case as the car belongs to Moneybarn.

I'm satisfied that Moneybarn have outlined the different options available to Mrs R and treating this as voluntary termination provides her with the lowest outstanding amount.

But they've since agreed to remove the court costs of just over £500 because of an error in the amount they were asking Mrs R to pay and court proceedings didn't take place. I can appreciate why Moneybarn may have gone this route as Mrs R hadn't been in touch to pay what she owed them.

Therefore it wouldn't be fair or reasonable for me to ask Moneybarn to do anymore here.

To ensure Mrs R has the best chance of repaying the outstanding amount, I would like to remind Moneybarn of their obligations to discuss an affordable repayment plan with her. And to update Mrs R's credit report to show the current outstanding amount on her agreement.

my final decision

For the reasons above I'm confirming Moneybarn No 1 Limited's offer to knock court costs off the amount outstanding from Mrs R's conditional sale agreement is fair. To confirm Mrs R is required to pay Moneybarn £7,148.32.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R to accept or reject my decision before 19 April 2018.

Jeff Burch
ombudsman