

complaint

Mr S complains that delays and poor service by Moneybarn No.1 Limited in terminating his finance agreement has caused him financial loss. He wants compensation.

background

Mr S tells us that the vehicle he acquired through a conditional sale agreement was written off in an accident. He says that delays in terminating the agreement led to Moneybarn incorrectly trying to claim a direct debit from his account in respect of a monthly payment. And he said it then prevented him from making payments under the arrangement he'd made with it to repay the shortfall that had arisen following the insurance settlement. He says he's suffered financial loss as well as stress leading him to have time off work.

Moneybarn told us Mr S entered the agreement in May 2018. But in October 2018 it said the vehicle had been involved in an accident and was written off. As a result the agreement was terminated. It said a shortfall of £743.14 had arisen on the agreement - after the insurance payout - which Mr S was required to pay. But it said it had reduced this by £100 to reflect the delay in terminating the agreement and the fact that a direct debit payment had been incorrectly called for.

Our adjudicator did not recommend the complaint should be upheld. She said there had been a delay in terminating the agreement. And Mr S had not been able to start a repayment plan on the correct date. But she didn't think this affected the amount of the shortfall. So she wouldn't be asking Moneybarn to waive this sum.

Mr S didn't agree with this outcome and felt it was biased towards the business. As it's not been possible to resolve the complaint an ombudsman has been asked to make the 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.

I'm sorry that Mr S had the misfortune to have his vehicle written off following an accident. And I can see that the process of winding up the finance agreement has resulted in further inconvenience for him.

I don't think there are any significant factual disputes regarding the sequence of events and I can see the adjudicator compiled a timeline which she checked with Mr S. Apart from the addition of one contact with Moneybarn - about the payment arrangement - Mr S agreed with this summary.

I can see the accident occurred in early October 2018 - but it wasn't until several weeks later that the agreement was formally terminated. In the meantime Moneybarn had issued a default warning notice and later attempted to take a monthly payment by direct debit. I've seen the direct debit was returned unpaid but that Mr S wasn't charged for this.

Moneybarn has accepted there were delays in terminating the agreement - which led to the direct debit being called for. And it accepted Mr S had been wrongly advised that it would be 21 days after the default notice before the agreement would be terminated. In recognition of the errors Moneybarn has credited £100 to his account - which left the balance owing at £643.14. I think that was fair.

The notes I've seen confirm there was a payment plan agreed on 15 November 2018 at £73.70 per month. The first payment was to be taken by card on 1 December with a direct debit set up for the remainder. But it seems there's then been a delay - due to the future interest on the agreement having to be removed. And this meant that Mr S wasn't able to commence payments at the time he'd expected. Whilst I can understand that this would be the cause of some frustration I don't think it's resulted in any financial loss. But I'm not aware of any other impediment to his starting to make the repayments. And I can't see he's since made any payments or set up the direct debit.

I've seen a copy of Mr S's credit record - which he supplied. This was updated on 7 March 2019 and there's no indication of any late payments or other adverse markers relating to this account. The record indicates the account is paid up to date - with a balance of £643 due to be paid. But I'd expect future updates to include details of the payment arrangement. As I can't see that Moneybarn has reported any adverse information I shan't be asking it do anything else about this aspect. Although if Mr S fails to make payments Moneybarn will be entitled to report this to the credit reference agencies.

I'm aware that Mr S thinks that the way Moneybarn has dealt with his complaint has led to him suffering from stress and being declared unfit for work. And I've seen a doctor's note - which declares that Mr S was found unfit for work for a period in November 2018. The note does not detail any cause of the stress. I'm sorry that Mr S has experienced poor health and I would think it's quite likely that anyone who has been involved with a serious motor accident might suffer a reaction. Whether this is the case with Mr S I can't say. Stress can result from a large number of causes and there's no persuasive evidence to say anything Moneybarn has done has led to Mr S's condition.

In summary, I find that there were delays in terminating the agreement and in processing the payment arrangement. And that Moneybarn tried to take a direct debit after the date the agreement ought reasonably to have been terminated. But I don't think these errors resulted in any direct financial loss to Mr S. And they have not changed the amount he was required to pay to settle the shortfall. So I shan't be asking Moneybarn to waive any of the sum due.

Moneybarn acknowledged it had made errors and credited Mr S's account with £100. I think that is a fair and reasonable way in which to resolve this complaint.

So whilst I know it will come as a disappointment to Mr S, I'm not going to uphold this complaint.

my final decision

For the reasons given above my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 14 July 2019.

Stephen D. Ross
ombudsman