

## **complaint**

Mr P complains that Moneybarn No. 1 Limited mis-sold a finance agreement to him.

## **background**

Mr P says that, when he was arranging to buy a car on a conditional sale agreement in 2010, he queried why the repayments to Moneybarn would be £30 more than in another quote he had. He says he was told that was because it guaranteed that he would later be approved for finance at the same rate or better, if he paid the first agreement off on time. But Moneybarn had now said it would never give such a guarantee. When he applied for finance in 2016 his application was declined. He wants Moneybarn to give him a new loan or refund the extra £30 a month he paid with interest.

Our adjudicator did not recommend that the complaint was upheld. He said that the loan had actually been arranged through a broker and Mr P had only spoken to Moneybarn after making the agreement. In that call Mr P had questioned whether keeping up with payments on this agreement, would improve his chances of getting accepted on "the high street" next time. He had been told it should do. Mr P had been in arrears before the account was settled on the first agreement and that, along with other factors, could have played a part in his later finance application being turned down.

Mr P asked for his complaint to be considered by an ombudsman. He said the fact that he spoke to Moneybarn after making the agreement was irrelevant, as it was still within the 14 day cooling off period for his agreement. He said the commitment about a future loan had been used as a sales tactic when he contacted the broker to say he had found a cheaper option. The settlement had been done via a logbook loan, and he couldn't be held responsible for how quickly that money reached Moneybarn.

## **my findings**

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

Although from what Mr P told us originally it was Moneybarn which had given this commitment about a future loan, his recent remarks imply it was actually the broker. Under the Consumer Credit Act I think I could hold Moneybarn responsible if either it or the broker had misrepresented the finance agreement. But I have to say that I don't think it is likely that either of them did.

The conversation with Moneybarn simply shows that one of its staff confirmed that it should help Mr P's chances of getting a loan in future, if he kept up with payments on the present one. It is true that having a record of getting credit and repaying it on time will generally tend to improve your creditworthiness (including your chances of being offered loans and the rates available). So what Moneybarn said was broadly correct, but it certainly didn't amount to a guarantee of a loan in future. Having one finance agreement paid off properly, is only one factor amongst a great many others which can affect someone's ability to get credit - positively or negatively.

In any event, it sounds more like Mr P is now saying the commitment was given by the broker, not Moneybarn. But if the broker had given the sort of commitment Mr P describes, then I can't see that Mr P would have made the sort of enquiry he did with Moneybarn,

shortly after. I can see that if he didn't entirely trust what the broker said, he might have enquired with Moneybarn too. But in that situation, if the broker had given Mr P such a specific commitment about future loans with Moneybarn as he says, I think Mr P would have wanted to check on the detail of that with Moneybarn, rather than making the much more general enquiry he did.

So I think it is likely that Mr P was just given some more general (and reasonable) encouragement to think that repaying this finance on time might help him get loans in future: but over the last six years his recollection has changed so he thinks he was given a much firmer guarantee. Therefore I do not think the loan was mis-sold and I do not uphold the complaint.

### **my final decision**

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 P to accept or reject my decision before 5 September 2016.

Hilary Bainbridge  
**ombudsman**