

complaint

Mrs B complains that Moneybarn No. 1 Limited has wrongly calculated her partial early settlement figure.

background

Mrs B called Moneybarn in July to request a partial early settlement quote. She was told that if she paid £5000 before the 19 August 2015 she would get £3516.34 rebate of interest and the outstanding balance would be reduced to £8642.02. The term of the agreement would be reduced to 15 months and Mrs B would need to make 14 payments of £553.36 and a final payment of £338.62. Mrs B asked for confirmation of these figures by email. On the 5 August Mrs B called back because she hadn't had the email and asked for the figures again. Mrs B was told that if she made the payment by 2 September she would get £3436.59 rebate of interest. The remaining term of the agreement would be 15 months and Mrs B would need to make 14 payments of £533.36 and a final payment of £420.37. Mrs B paid the £5000 and then she discovered she had also paid her direct debit of £553.36 the day before. Mrs B says that this wasn't included in the calculations. Moneybarn explained to Mrs B that the direct debit was included but Mrs B said that it couldn't be because the figures for early settlement were almost the same. Moneybarn confirmed to this service that the calculations were correct but it acknowledged that Mrs B had made the early settlement payment before 19 August and so she should have been entitled to the higher interest rebate. It agreed to refund this to Mrs B together with an additional amount to make a total of £100.

Our adjudicator thought that this was a reasonable offer. She thought that the interest had been calculated and applied correctly. Mrs B accepted the settlement but wanted an ombudsman to review the case.

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 have looked very carefully at the figures quoted to Mrs B for the partial early settlement. I can understand how the confusion arose and I see the point that Mrs B is making. She is concerned that even though she made a direct debit payment of over £500 the partial early settlement figure she was given after this make it look as though she is paying more.

The quote Mrs B was given on 22 July was that if she paid £5,000 by 19 August she would have £8,642.02 still to pay, and would need to make 14 payments of £553.56 from September and then pay £338.62. That quote must have assumed that the direct debit of £553.56 would go out on 4 August. I say this because the 14 payments of £553.56 and the £338.62 come to £8,088.46 so the only way Mrs B would pay £8,642.02 would be if she also made one other payment of £553.56 which would be August's payment. It would make sense for the quote to factor in the direct debit rather than stopping it for one month and then restarting. Moneybarn has explained that the quotes did take account of the direct debit and so I think that the settlement figure is correct.

I don't think that this was properly explained to Mrs B when she asked and then Moneybarn recalculated the settlement figure on the 5 August which was different to the previous figure because of the way that interest is added to Mrs B's agreement. This contributed to the confusion because Mrs B made the £5000 payment within the time covered by the previous

quote. Moneybarn has now agreed that it will refund the difference on the interest rebate and has offered an additional amount to take the payment up to £100. I think that this is fair and reasonable in the circumstances. Mrs B was confused by the figures and when she called I don't think Moneybarn explained it very well. But the figures are correct and aside from the relatively small amount of interest Mrs B hasn't paid more than she should.

my final decision

My final decision is that I uphold this complaint in part. In full and final settlement of it Moneybarn No.1 Limited must pay Mrs B £100. Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 11 January 2016.

Emma Boothroyd
ombudsman