

complaint

Mr S is unhappy with the way Moneybarn No. 1 Limited has dealt with him when he experienced financial difficulties and it terminated a finance agreement for a car.

background

Mr S bought a car in September 2015 with finance from Moneybarn. After making a few payments he experienced financial difficulties and arrears arose. Mr S is unhappy that it wouldn't allow him to repay the arrears on his account and that it repossessed the car. He also disputes the amount he now owes as he only had the car for eight months. He says the car's gearbox failed within seven months of buying it. And Moneybarn hasn't treating him reasonably or fairly. He wants it to agree he should only have to pay the arrears.

Our adjudicator felt this complaint shouldn't be upheld. She said:

- Mr S made two payments of five that were due. So, there's been a breach of the finance agreement's terms and conditions. Moneybarn has shown it tried to contact Mr S about the arrears over a period of some months. But it didn't receive a response.
- When it did talk to Mr S a repayment plan was agreed. A termination notice was issued to stop further arrears accruing. Mr S missed his first payment on that. Although a call at this time could've been handled better including taking account of Mr S' financial difficulties, Moneybarn took the correct action terminating his account given what had happened. It was entitled to terminate the agreement and did so correctly.
- On the evidence it had Moneybarn also didn't make an error by not accepting Mr S' offer to repay the arrears or not stopping the repossession action.
- Mr S' agreement highlights he's liable for the total amount payable under it and not just the value of the car. The car was sold at auction with the gearbox not working. And taking that into account the final amount he owes is over £12,249. That's correct.
- Mr S says the gearbox failed after seven months and he told the dealership and Moneybarn. But she can't see Moneybarn was told. This was a used car and Mr S had covered 10,000 miles in about eight months. It's unlikely the gearbox problem was present at the point of sale. So, Moneybarn isn't liable for it.
- Overall Moneybarn has acted reasonably. The agreement was correctly terminated and it hasn't made an error calculating the balance Mr S now owes.

Mr S and his representative don't agree. They've asked for an ombudsman review. They say he was only one day late paying the repayment plan payment. Moneybarn just terminated the agreement and didn't help at all. Mr S had health problems at the time.

Moneybarn has said it wasn't at any time told Mr S had health issues. He was told of the importance of keeping to the agreed payments. When a payment wasn't received the account was already in default with significant arrears. It was necessary to terminate the account to prevent more arrears accruing. Mr S didn't raise the gearbox issues with it. The

car wouldn't have had this problem at the point of sale. If it had Mr S would've been unlikely to have been able to complete 10,000 miles in it.

my findings

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

Some of the evidence in this case is incomplete, inconclusive or contradictory. So, I've made my decision based on what I think is more likely to have happened than not.

I agree with the adjudicator's conclusions for the same reasons.

Taking everything into account I think Moneybarn's acted reasonably. It responded positively and sympathetically when Mr S fell into arrears and it agreed a repayment plan. Its unfortunate Mr S didn't make the first payment towards it on time. But given this and the previous conduct of his account I think Moneybarn was then entitled to terminate his agreement as it did. And it also wasn't told until recently that Mr S had health issues.

I've also seen nothing to suggest the gearbox issue was likely present at the point of sale.

The outstanding amount Moneybarn now seeks from Mr S appears to be fair. Even so, if he's still experiencing health and financial difficulties I would urge him to contact and co-operate with Moneybarn to discuss and hopefully agree a repayment arrangement which is affordable for him. And I would remind Moneybarn of its continuing obligation to treat Mr S positively and sympathetically whilst his difficulties continue.

Overall, although I recognise Mr S' frustration, I don't see any compelling reason to change the proposed outcome in this case.

my final decision

I don't 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 3 April 2017.

Stephen Cooper
ombudsman