

The complaint

Miss A complains about a conditional sale agreement she has with Moneybarn No. 1 Limited. Miss A has been experiencing financial difficulties and is unhappy about the way that Moneybarn has treated her.

What happened

Miss A took out a conditional sale agreement with Moneybarn in October 2020 to fund the cost of a used car. Miss A borrowed £6,000, which was to be repaid at approximately £220 each month. Around the beginning of 2022 Miss A was required to have a medical procedure. This unfortunately was not successful, and a second procedure was then required. Miss A was very unwell during this period and as a result of this was unable to work. Miss A's income reduced significantly as a result of not being able to work and I understand Miss A then lost her job as she was unable to work.

In addition to being physically unwell Miss A was suffering a great deal of stress and anxiety, caused by her illness and the resulting financial pressures. In addition to what Miss A owed Moneybarn for the car, she had other general financial commitments that she could also not afford.

Miss A informed Moneybarn of her need for medical procedures and the impact this was having on her financially, and that she could not afford to meet the monthly repayments for the finance agreement. Moneybarn did provide some support to Miss A, but Miss A does not believe this was sufficient when considering the circumstances. Miss A feels that the contact with Moneybarn was excessive and refers to one instance where she believes she was pressured into paying £100 that she could not afford.

Having complained to Moneybarn Miss A referred her complaint to our service, where it was considered by one of our investigators. The investigator found that things could have been better between the parties, in particular referring to the completion of an income and expenditure form and the call relating to the £100. But ultimately the investigator concluded that Moneybarn had handled the situation with Miss A reasonably.

Miss A did not accept the investigator's conclusions and as the complaint could not be resolved informally it was referred to me for a final decision.

Further discussions were then had with Moneybarn and I highlighted the difficult financial position that Miss A was still in. I asked Moneybarn if it would consider allowing Miss A to voluntarily terminate the conditional sale agreement and waive or write off anything that was still owed. Moneybarn agreed to this and said it would be willing to take back the car and write off over £1,000 that would still have been due under the agreement. Moneybarn also offered to update Miss A's credit file and remove any adverse information.

This was put to Miss A but she was unhappy with this. Miss A referred to the fact that she had recently incurred considerable expense repairing the car and did not wish to accept the offer to hand back the car through a voluntary termination.

As no agreement could be reached it remains for me to issue a final decision, which is the last stage in our process.

Before moving on to my decision I would like to stress that this decision here is only in relation to the way that Moneybarn has interacted with Miss A in relation to her financial difficulties. A separate decision has already been issued in respect of the quality of the car which is associated with the conditional sale agreement. I shall not therefore be referring to or commenting in any detail on the quality of the car or the decision that has been issued in relation to that, other than to note that it was found that the car was of satisfactory quality when supplied to Miss A. And that as a result of that Moneybarn was not liable for the repair costs needed to fix the car.

What I've decided – and why

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

First, I'm very aware that I've summarised this complaint in far less detail than the parties and I've done so using my own words. I'm not going to respond to every single point made by all the parties involved. No discourtesy is intended by this. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome.

Miss A borrowed £6,000 from Moneybarn to fund the cost of acquiring a used car. The finance agreement is a conditional sale agreement and this means that although Miss A is the registered keeper and user of the car, Moneybarn is the legal owner until such time as all repayments are made under the agreement. Miss A agreed to repay the £6,000, plus interest and charges, by regular repayments of around £220 each month. In return for making the required repayments Miss A was able to retain possession of the car and use it for the purpose she intended when she acquired it.

Unfortunately, around 14 months after taking out the finance agreement Miss A became unwell. This required a medical procedure around February 2022, which was unsuccessful and required a second procedure shortly after this time. Miss A was very unwell over this period and this significantly affected her ability to work. As she was unable to work this also affected her income, as her regular salary was reduced significantly when off work through illness.

I have no doubt this would have been a very unfortunate time for Miss A. Not only because of the medical issues and repeated surgery to resolve the problems, but the significant stress and worry caused by not having sufficient income each month to meet her regular financial commitments.

There are rules in place that require financial service providers to help and support consumers who are experiencing financial hardship. In particular, the Financial Conduct Authority's Consumer Credit Sourcebook (CONC) and CONC 7.3, which refers to treatment of customers in arrears or default. In summary, lenders are required to treat customers with forbearance and due consideration. Exactly what this means in practice will depend on the specific circumstances of any given case. But can include considering suspending, reducing or waiving future interest or charges, or accepting token payments for a reasonable period of time.

When Miss A contacted Moneybarn in February 2022 it agreed a period of 'breathing space' until 25 March 2022, which meant that the payment due at that time was not needing to have been paid. Miss A and Moneybarn next spoke on 31 March 2022, where Miss A was advised that the missed payments would need to be repaid and could not be added to the end of the agreement. It was at this time that Miss A made a £100 card payment towards the arrears, which I will refer to again later. Moneybarn's call notes indicate that Miss A declined to complete an income and expenditure form at that time and Miss A was expecting to go back to work shortly too. Moneybarn did inform Miss A of the arrears on the account and Miss A complained that she felt Moneybarn's attempts to contact her were excessive. I don't think it is unreasonable for Moneybarn to attempt to contact Miss A so that arrangements can be made to repay the arrears that had accrued on the account. From what I've seen of those attempts, I'm not persuaded they were excessive.

Further discussions took place and it was on 27 April 2022 that Miss A completed an income and expenditure form and a repayment plan of £30 each month, on top of the regular repayments, was agreed. I again appreciate that this would have been a very difficult time for Miss A but having considered the circumstances here I'm not persuaded Moneybarn treated Miss A unreasonably or unfairly. It did allow a period of time where the regular repayments were not required and once it had assessed Miss A's income and expenditure it agreed to allow a repayment plan to repay the overdue sums that were due on the account. Miss A has specifically referred to the conversation around the £100 payment she made on 31 March 2022 and that she felt pressured into making that payment. Miss A says that this was all the money she had at the time and it was needed for other things. I haven't been able to listen to the telephone conversation so I cannot be certain about exactly what was discussed. I am again sure it would have been difficult financially for Miss A at that time, but I haven't seen sufficient evidence to persuade me that Miss A was unfairly pressured into making the payment.

I understand that Miss A's account with Moneybarn is still in arrears and not therefore yet up to date. I would encourage Miss A to continue to engage with Moneybarn so the account can be brought up to date as soon as possible. I would also remind Moneybarn of its obligations to continue to treat Miss A with forbearance and due consideration. Moneybarn has recently offered to allow Miss A to return the car and write off over £1,000 of what would have still been due. I appreciate why Miss A may not wish to return the car but if she is unable to afford the monthly instalments, I would urge her to reconsider this and contact Moneybarn about returning the car. Should Miss A wish to keep the car and benefit from its use it would be reasonable to expect the monthly instalments under the credit agreement to be made on a regular basis. If Miss A is unable to afford the required monthly repayments for a prolonged period of time Moneybarn may look to take back the car. Should Moneybarn decide to do this, it should ensure all options are set out for Miss A to consider.

Having considered what both parties have said and provided, and while accepting Miss A has had a difficult time throughout 2022, I am not persuaded that Moneybarn has acted unfairly or unreasonably in its dealing with Miss A around the payments required on the account. It has allowed Miss A to retain possession of the car and has been flexible around the required repayments and arrears.

My final decision

For the reasons explained above, my final decision is that I do not uphold Miss A's complaint against Moneybarn No.1 Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 18 January 2023.

Mark Hollands
Ombudsman