

The complaint

Mrs S complains that Moneybarn No. 1 Limited didn't help her by taking back the car she bought using a loan it provided.

What happened

In April 2023 Mrs S bought a car funded by a conditional sale agreement with Moneybarn. Very soon after acquiring the car, Mrs S had a change of circumstances which meant that she could no longer afford the repayments. She tried to return the car to Moneybarn, who explained that she would need to speak to the dealership who originally sourced the car for her.

After various conversations with Moneybarn and the dealership, no resolution was found. Ultimately, after Mrs S failed to make repayments, the car was repossessed by Moneybarn in September 2023 and sold. However, the sale of the car was not enough to cover the amount she owed Moneybarn, and so she is left with a large outstanding balance to repay.

Mrs S complained to Moneybarn, saying that it hadn't done enough to help her. It rejected her complaint, saying it had provided all the possible options it could, and that with a conditional sale agreement, Mrs S did not have a "cooling off period" during which Mrs S could hand the car back and the agreement would simply be cancelled with nothing to repay.

Unhappy with this, Mrs S brought the case to our service. One of our investigators looked at the evidence and thought that Moneybarn hadn't done anything wrong. Mrs S didn't accept that view, and asked that the case be passed to an Ombudsman for review.

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.

Having done so, I'm not upholding this complaint for broadly the same reasons as the investigator.

Moneybarn is required to assist customers who find themselves in financial difficulty, which can take various forms, depending on the situation. So this decision boils down to whether I think Moneybarn did everything it fairly and reasonably could to help her.

Understandably, what Mrs S wanted to do, given how quickly her circumstances changed, was simply cancel the conditional sale agreement and give the car back to Moneybarn. However, Mrs S didn't have a right to just hand back the car to Moneybarn with nothing left to pay. Within the first 14 days she could have chosen to withdraw from the conditional sale agreement, but this wouldn't have had the effect of cancelling her liability to pay for the car. In order to withdraw from the finance she would have needed to repay the total amount borrowed plus any accrued interest up to that point. As this wasn't what Mrs S wanted to do, Moneybarn suggested that Mrs S discuss returning the car to the dealership (who might have been prepared to buy the car back from Moneybarn and therefore cover Mrs S' liability

under the conditional sale agreement), but the outcome of that discussion isn't relevant to this decision, which is only about Moneybarn's actions.

I can see that when she contacted Moneybarn to say she wanted to hand the car back, Moneybarn wrote to Mrs S setting out what her options were to end the conditional sale agreement. It set out two options – Voluntary Termination and Early Settlement. Both of these options would have left Mrs S owing Moneybarn around £13,000. I asked it why it hadn't also suggested the possibility of something called Voluntary Surrender, and it explained it hadn't done so because that option would have left Mrs S owing it even more than the options it did present. I accept that.

I also asked whether it had suggested that Mrs S could try and sell the car in order to raise the funds to settle the agreement early. It confirmed it did suggest that to Mrs S at a slightly later date, 1 August 2023, provided she could achieve a good enough sale price to settle the agreement in full. Given what she had paid for the car a few months earlier, I accept that perhaps wasn't viable as the sale price might not be high enough. But I don't know whether Mrs S did pursue that option at all. Moneybarn also reiterated at that point that Mrs S could decide to voluntarily terminate, or to hand the car back for Moneybarn to sell at auction. Both of those options would leave her with a significant balance to pay. Moneybarn asked Mrs S to contact it urgently, warning that a default notice would follow if she didn't.

From what I've seen, it would appear that Mrs S didn't make any payments to Moneybarn at all and it doesn't look like she engaged with it when the default warning was sent. Unfortunately, this situation led to Moneybarn issuing a default notice on 14 August 2023, and repossessing the car in September. It then confirmed to Mrs S the outstanding amount she owed it, which is not insubstantial, and I'm sure has been a source of huge worry and stress to her. I am sorry that she is in such a difficult position. But I cannot identify anything else that Moneybarn could reasonably have done in order to assist her.

It is unclear whether Moneybarn has put an affordable payment plan in place for Mrs S or not to enable her to pay what she owes it. If it hasn't, it should do so in cooperation with her to support her in maintaining payments.

My final decision

For the reasons I've explained, I don't uphold this complaint and Moneybarn No.1 Limited doesn't have to do anything.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 29 July 2024.

Siobhan McBride

Ombudsman