

The complaint

Mr S complains that Moneybarn No. 1 Limited trading as Moneybarn (“Moneybarn”) gave him incorrect information when he was considering his options to return his car early.

What happened

In November 2018, Mr S acquired a used car using a conditional sale agreement with Moneybarn. The cash price of the car listed on the agreement was £7,207; an advance payment of £400 was made, and 59 regular, monthly repayments of £267.37 were to be paid under the agreement. The car was over four years at the point of supply and the mileage recorded on the agreement was 77,647.

Moneybarn said that the agreement was terminated in September 2021. In January 2022, a Judgment for Delivery of Goods (suspended) was issued to Mr S by a county court. It explained that Mr S failed to comply with the terms of the agreement and that Moneybarn could recover the car if the payment schedule detailed in the judgment was not adhered to.

Moneybarn sent Mr S correspondence in October 2023. Within the correspondence, it outlined Mr S’s options if he wanted to end his agreement early. One of the options was voluntary termination if Mr S wanted to return his car and it said that the estimated amount he would owe if he chose that option would be zero.

Mr S said he agreed with Moneybarn to voluntarily terminate the car. Mr S said he received confirmation from Moneybarn that he wouldn’t owe anything once the car was returned.

Mr S said he tried to contact Moneybarn to get an update but he didn’t receive an answer. He said when he did speak to someone, they told him that he was still liable for some costs due to having a court order. Mr S said he told Moneybarn not to sell his car at auction until this had been investigated. Mr S was later informed that the car had been sold.

Mr S was unhappy as Moneybarn had gone back on what they told him in writing. Mr S was unhappy that Moneybarn gave him incorrect information, and secondly, once Moneybarn were aware of their mistake, he believed they didn’t do enough to stop the car from being sold at auction.

Moneybarn issued their final response to Mr S in January 2024. In summary, it explained that in October 2023, they had incorrectly sent Mr S a letter outlining the voluntary termination process and if he was to choose this option, it would leave him with a zero balance. Moneybarn said that Mr S wasn’t eligible for this option due to the agreement already having been terminated. Moneybarn partially upheld Mr S’s complaint due to the errors with the incorrect letter being sent to Mr S and also in relation to a fee being applied to Mr S’s balance, which was later removed. Moneybarn arranged for £50 compensation to be credited to Mr S’s agreement balance to put things right.

Mr S referred his complaint to our service as he wanted the remaining balance to be waived.

Our investigator said that Moneybarn needed to do more to put things right. In summary, he said that he didn't believe the compensation Moneybarn gave to Mr S was enough to cover the inconvenience caused, and said that they needed to pay Mr S a further £150.

Mr S disagreed with our investigator's findings. He didn't think the amount the investigator said Moneybarn needed to pay was enough. He also believed Moneybarn had enough time to contact the auction house and stop the sale of the car, but didn't do so.

Moneybarn accepted the investigator's findings.

As Mr S disagreed, the complaint was passed to me to decide.

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 upholding this complaint and I'll explain why below.

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 point or argument to be able to reach what I think is a fair outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

Some of the points raised to our service about the agreement, including that it wasn't affordable to Mr S, don't appear to have been raised to Moneybarn nor commented on in its final response. So I won't comment on this in my decision.

Mr S complains about a car supplied to him under a conditional sale agreement. Entering into consumer credit contracts such as this is a regulated activity, so I'm satisfied I can consider Mr S's complaint about Moneybarn.

Mr S complains that Moneybarn gave him incorrect information when they contacted him about his options to end his agreement early. It isn't in dispute that Moneybarn made an error here. Specifically, that they gave Mr S incorrect information in correspondence they sent him in October 2023. I say this because Moneybarn has partially upheld Mr S's complaint for their error in sending him this incorrect correspondence.

So, what I need to consider is whether Moneybarn have done enough to put things right.

Mr S was unhappy that Moneybarn gave him incorrect information, and secondly, once Moneybarn were aware of their mistake, he believed they didn't do enough to stop the car from being sold at auction. To put things right, Mr S initially wanted the outstanding balance to be waived.

While I'm satisfied Moneybarn has made an error here, it is worth pointing out that communication sent to Mr S on more than one occasion was clear in saying that any figure given to him about the balance that would be owed was only an estimate. For example, a further letter in October 2023 from Moneybarn said that Mr S confirmed he wanted to proceed with voluntary termination. It explained the current estimate of what he would need to pay at the end of the agreement was £0. Below this figure, it said, with some of the text partly in bold:

“Please note – the figure shown above is an estimate and is not guaranteed; we've based it on the latest information we hold for you, and applied assumptions about the condition,

mileage and sale value of the vehicle. As the termination process is completed and after we've assessed the actual condition of the vehicle, we will be able to confirm a more accurate figure to you."

So, considering the above, I think Mr S ought to have reasonably been aware that the figure given wasn't a guarantee, but only an estimate. It follows that I think Mr S ought to have known that there might have still been an outstanding balance to pay when he returned the car.

In addition, it is worth also pointing out that a judgement order was issued to Mr S, and Moneybarn say in their final response that the agreement had already been terminated when the incorrect information was given, which is why Mr S wasn't eligible for voluntary termination. Considering Moneybarn say the agreement had already been terminated, I think Mr S ought to have reasonably been aware that voluntary termination wouldn't have been an option that he could have pursued.

Nonetheless, I'm mindful that an error has occurred here and having considered Mr S's submissions, I'm satisfied he has suffered some distress due to the error made. Moneybarn gave £50 compensation in relation to the error of giving incorrect information to Mr S, as well as due to incorrectly charging Mr S a fee (which I understand they later removed). In this instance, I think Moneybarn needs to do more to put things right. I say this because, for a short amount of time, Moneybarn gave Mr S the impression that he had nothing further to owe them. And Mr S has explained the health condition he has which Moneybarn's mistake further exacerbated.

It's worth noting that, regardless of the error Moneybarn had made, Mr S would still be liable to pay outstanding costs owed. In other words, Moneybarn's mistake doesn't absolve Mr S of his liabilities in repaying his outstanding balance. So, I don't think it would be fair for Moneybarn to waive the outstanding balance entirely. But I have considered the impact of Moneybarn's mistake on Mr S.

Considering the above and the time it took Moneybarn to inform Mr S of their error and put things right, I think they should pay Mr S a further £150 for the distress and inconvenience caused.

Mr S also believes Moneybarn didn't do enough to stop the car from being sold at auction once they realised their mistake. While I appreciate Mr S's comments here, the value which the car was sold at has been taken off from the amount he owed. So, I don't think he has lost out here. And I'm satisfied the distress and inconvenience payment I am directing Moneybarn to make fairly takes into account the inconvenience this has caused Mr S.

In summary, I'm satisfied Moneybarn needs to do more in this instance to put things right.

My final decision

For the reasons I've explained, I uphold this complaint and I instruct Moneybarn No. 1 Limited trading as Moneybarn to pay Mr S an additional £150 to reflect the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 19 December 2024.

Ronesh Amin
Ombudsman

