

The complaint

Miss W is unhappy with how Moneybarn No.1 Limited have recorded the payments she's made under a conditional sale agreement on her credit file.

What happened

In June 2020, Miss W was supplied with a used car through a conditional sale agreement with Moneybarn. She paid an advance payment of £1,000 and the agreement was for £5,450 over 60 months; with 59 monthly payments of £178.67.

Miss W fell into financial difficulties and struggled to make payments. She agreed a payment plan with Moneybarn, to start from March 2023, and she completed a direct debit so payments could be collected. However, Moneybarn didn't set the direct debit up correctly, and no payment for March 2023 was collected.

Miss L complained to Moneybarn about what had happened, and they responded to her complaint on 12 May 2023. Moneybarn apologised, and credited Miss L's account with £50 by way of an apology. They also agreed to correct Miss L's credit file.

In August 2023, Moneybarn obtained a suspended Return of Goods order. This stated that Miss L needed to pay Moneybarn £210 a month from August 2023 until the outstanding balance of £4,931.43 was fully repaid – which would take 24-months. However, despite this, and despite Miss L complying with the court order, Moneybarn reported missed payments to the credit reference agencies.

Unhappy with what had happened, Miss L brought her complaint to the Financial Ombudsman Service for investigation. In resolution of her complaint, Miss L wanted Moneybarn to correct her credit file, and to pay her an increased amount of compensation. Miss L was also unhappy with how Moneybarn had dealt with her complaint.

Our investigator said that the court order essentially replaced the conditional sale agreement, and that Moneybarn should've recorded the agreement as being terminated on Miss L's credit file. He also said that Moneybarn had recorded missed payments with the credit reference agencies when payments had actually been made.

As such, the investigator recommended that Moneybarn correct Miss L's credit file to show the true position of her account and pay her a further £100 compensation for the ongoing distress and inconvenience she'd been caused.

Moneybarn didn't agree with the investigator's opinion and said, "*we are reporting to Miss L's credit file in line with the requirements of the credit reference agencies.*" They also explained that, as they obtained a suspended Return of Goods order, they wouldn't report the agreement as being terminated, but would instead continue to report payments until the total balance has been paid.

Because Moneybarn didn't agree with the investigator's opinion, this matter has been passed to me to make a final decision.

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've reached the same overall conclusions as the investigator, and for broadly the same reasons. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome. Where evidence has been incomplete or contradictory, I've reached my view on the balance of probabilities – what I think is most likely to have happened given the available evidence and wider circumstances.

In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and (if appropriate) what I consider was good industry practice at the time. Miss W was supplied with a car under a conditional sale agreement. This is a regulated consumer credit agreement which means we're able to investigate complaints about it.

Before I explain why I've reached my decision, I think it's extremely important for me to set out exactly what I've been able to consider here. I note Miss W has complained about how Moneybarn handled and responded to her complaint. But complaint handling is an unregulated activity and falls outside of our service's jurisdiction to consider. So, the way Moneybarn handled Miss W's complaint hasn't been considered as part of my decision.

Miss L has also raised the issue of how Moneybarn have been corresponding with her going forward, especially by sending a letter to her old address the day after she advised them she'd moved. The Financial Ombudsman Service is unable to consider complaints unless the financial business has had the opportunity to deal with them first. As I haven't seen anything to show me that Miss L has raised these new matters with Moneybarn, or that they've agreed for us to consider them as part of this complaint, I won't be addressing these matters within my decision.

Miss L has provided an extract of her credit file, showing what Moneybarn have reported from January 2022 to November 2023. I've compared this against the Statement of Account Moneybarn have provided, and the payments Miss L was required to pay under both the conditional sale agreement and the suspended court order.

Based on this review, I've noted the following:

Month	Payment Due	Payment Made	Credit File Shows:	Is the Credit File Correct?
January 2022	£178.67	£200.00	Payment Made	Yes
February 2022	£178.67	£200.00	Payment Made	Yes
March 2022	£178.67	£186.70	Payment Made	Yes
April 2022	£178.67	£178.67	Payment Made	Yes
May 2022	£178.67	£178.67	Payment Made	Yes
June 2022	£178.67	£178.67	Payment Made	Yes
July 2022	£178.67	£0.00	Payment Made	No
August 2022	£178.67	£178.67	Payment Missed	No
September 2022	£178.67	£178.67	Payment Missed	No
October 2022	£178.67	£178.67	Payment Missed	No
November 2022	£178.67	£200.00	Payment Missed	No
December 2022	£178.67	£0.00	Payment Made	No
January 2023	£178.67	£0.00	Payment Missed	Yes

February 2023	£178.67	£178.67	Payment Missed	No
March 2023	£178.67	£0.00	Payment Missed	Yes
April 2023	£178.67	£178.67	Payment Missed	No
May 2023	£178.67	£178.67	Payment Missed	No
June 2023	£178.67	£178.67	Payment Missed	No
July 2023	£178.67	£0.00	Payment Missed	Yes
August 2023	£210.00	£210.00	Payment Missed	No
September 2023	£210.00	£210.00	Payment Missed	No
October 2023	£210.00	£210.00	Payment Missed	No
November 2023	£210.00	£210.00	Payment Missed	No

I've noted Moneybarn's comments about why they aren't reporting a termination on Miss L's credit file, and instead are continuing to report payments made under the suspended Return of Goods order. Given the circumstances, I think this is both reasonable and fair, and I won't be directing Moneybarn to amend this.

However, I would expect Moneybarn to correctly report the conduct of Miss W's account to the credit reference agencies. While they have said they are doing this, the evidence I've seen and referred to above shows this not to be the case – there are 14 occasions between July 2022 and November 2023 where the credit file extract Miss W has provided shows Moneybarn have incorrectly reported a payment as being either made or missed.

I consider this to be unacceptable, and Moneybarn should do something to put things right.

Putting things right

Miss W has explained how she's been inconvenienced by what's happened, and how this ongoing issue has affected her access to credit. So, in addition to correcting her credit file, I think Moneybarn should compensate her for this. The investigator had recommended Moneybarn pay her an additional £100, which is in line with what I would've directed had no recommendation been made. So, I see no compelling reason not to adopt this as part of my final decision. What's more, given how this has directly impacted Miss L, Moneybarn are to make this payment to her direct, and not use it to reduce her outstanding balance.

Therefore, Moneybarn should:

- correct Miss L's credit file with all the credit reference agencies, to ensure they are reporting the correct position as to when payments were made and not made; and
- pay Miss W an additional £100 to compensate her for the trouble and inconvenience caused by the ongoing incorrect reporting.

My final decision

For the reasons explained, I uphold Miss W's complaint about Moneybarn No.1 Limited. And they are to follow my directions above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 24 April 2024.

Andrew Burford
Ombudsman