

## **The complaint**

Mr S complains that Moneybarn No. 1 Limited ("Moneybarn") irresponsibly granted him a loan he couldn't afford to repay.

## **What happened**

In April 2015, Mr S acquired a car and financed it through a regulated consumer credit agreement with Moneybarn. Mr S was required to make 60 monthly repayments of £378.81. The total repayable under the agreement was £24,884.79 towards which Mr S paid a deposit of £2,535.

Mr S says that Moneybarn didn't complete adequate affordability checks. He says if it had, it would have seen the agreement wasn't affordable. Moneybarn didn't agree. It said that it carried out a thorough assessment which included a review of Mr S's credit file and a validation of his income.

Our adjudicator didn't recommend the complaint was upheld. She thought Moneybarn didn't act unfairly or unreasonably by approving the finance agreement.

**Mr S** didn't agree. He explained that he was unable to get bank statements from that period but said he was paying child maintenance of £365 per month and other car finance of £246 per month. He said he was several months in arrears on that payment and that Moneybarn would have been able to see that from his credit file. He also noted that Moneybarn hadn't asked about his food, fuel, and other expenses.

The case has been passed to me for 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.

Moneybarn will be familiar with all the rules, regulations, and good industry practice we consider when looking at a complaint concerning unaffordable and irresponsible lending. So, I don't consider it necessary to set all of this out in this decision. Information about our approach to these complaints is set out on our website.

The credit check Moneybarn completed would have shown some previous defaults and they clarified Mr S's income at about £1,515.31. The payments under this new agreement would therefore have been for a significant proportion of Mr S's income and I think that ought to have indicated that Mr S might struggle with repayments. It would therefore have been proportionate for Moneybarn to have got a more thorough understanding of Mr S's financial circumstances before lending.

I've considered what Moneybarn would likely have found out if it had completed reasonable and proportionate affordability checks. We've asked Mr S to provide us with evidence of his financial circumstances at the time the lending was taken out. However, he hasn't given us

enough information to fairly determine what proportionate checks would likely have shown. Mr S has documented expenditure of about £500 and has explained that he had further expenses for things like rent and food. But in the absence of bank statements from the time to show what these were it wouldn't be fair to suggest there is sufficient evidence that the loan wasn't affordable for him.

I'm therefore not persuaded that Moneybarn acted unfairly in approving the finance.

### **My final decision**

For the reasons I've given above 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 17 January 2022.

Phillip McMahon  
**Ombudsman**