

## **The complaint**

Mr M complains that Moneybarn No. 1 Limited irresponsibly granted him a conditional sale agreement he couldn't afford to repay.

## **What happened**

In February 2019, Mr M acquired a used car financed by a conditional sale agreement from Moneybarn. Mr M paid a deposit of £400 and was required to make 59 monthly repayments of just under £200. The total repayable under the agreement was £11,848.

Mr M 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 an automated credit check to assess Mr M's credit worthiness and indebtedness. It also asked Mr M about his income which it cross checked with the credit reference agencies and confirmed with Mr M. It says the repayments were equivalent to around 10.5% of Mr M's net monthly income.

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

Mr M didn't agree and said a proper income and expenditure assessment didn't take place and that lending the amount to him over five years given his employment status and poor credit rating and history wasn't responsible.

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.

Moneybarn said it cross checked Mr M's income against information from the credit reference agencies and confirmed it with Mr M. However, given the overall size of the borrowing, the monthly repayments and the term of the agreement, I think it would have been proportionate for Moneybarn to have carried out further verification of Mr M's income to ensure the repayments were affordable.

Moneybarn says it calculated Mr M's expenditure using statistical data which it says gives average household expenditure figures which were then detailed in Mr M's contract for him to confirm. While I note this check, I can also see the expenses recorded were £366 which seem reasonably low and in this case, given the size and term of the agreement I think it would have been proportionate for the expenses to have been verified.

I've seen that Mr M's income at the time varied but the average for the months leading up to the agreement was higher than that recorded by Moneybarn (£1,850). Taking into consideration the expenditure figures Mr M has provided and having noted his comments about certain payments being made in cash which are supported by the cash withdrawals on his bank statements, even if Moneybarn had completed proportionate checks, it would still have likely concluded the agreement was affordable to Mr M. For this reason, I don't think Moneybarn acted unfairly in approving the finance.

Mr M has explained that he had a gambling addiction at the time of the finance being provided. I am sorry to hear this and understand this must have been a difficult time for him. However, I have nothing to suggest that Moneybarn was aware of this at the time and there are no records on Mr M's bank statements that would have shown this and so I do not find that I can say this changes my conclusion regarding this complaint.

### **My final decision**

For the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 20 December 2021.

Jane Archer  
**Ombudsman**