

The complaint

Mr W complains that Secure Trust Bank Plc, trading as Moneyway, irresponsibly granted him a loan he couldn't afford to repay.

What happened

In July 2014, Mr W acquired a car. He financed the deal through a hire purchase agreement with Moneyway. Mr W was required to make 32 monthly repayments of £220.53, with a final optional payment if he wanted to own the car at the end of the agreement. The total repayable under the agreement was £7,382.49.

Mr W says that Moneyway didn't complete adequate affordability checks. He says if it had, it would have seen the agreement wasn't affordable. Moneyway didn't agree. It said that it carried out a thorough assessment which included verifying Mr W's income and a credit search. It also collected some information about Mr W's personal circumstances to help it decide if the credit would be affordable for him.

Our adjudicator didn't recommend the complaint be upheld. She thought there was insufficient evidence Moneyway had acted unfairly or unreasonably when approving the finance agreement.

Mr W didn't agree, and 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.

Moneyway 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 Moneyway completed showed that there was still a significant active balance due on an account Mr W had defaulted on. I think this ought to have indicated that Mr W was likely to be struggling financially. It therefore would have been proportionate for Moneyway to have got a more thorough understanding of Mr W's financial circumstances before lending.

I've considered what Moneyway would likely have found out if it had completed reasonable and proportionate affordability checks. We've asked Mr W 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 Moneyway.

As Mr W hasn't been able to demonstrate that the agreement was unaffordable, I can't reasonably conclude that Moneyway ought to have known he would struggle to make the

repayments. I'm therefore not persuaded that Moneyway 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 W to accept or reject my decision before 6 January 2022.

Phillip McMahon
Ombudsman