

## **The complaint**

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

## **What happened**

In August 2017, Mr G acquired a used car financed by a conditional sale agreement from Moneybarn. Mr G was required to make 59 monthly repayments of £319. The total repayable under the agreement was £18,827.

Mr G 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 credit check to assess Mr G's credit worthiness and indebtedness and verifying Mr G's income through his bank statements. It says that as bank statements were provided it also reviewed these to see if there were any concerning expenditure traits. It noted that Mr G's statements showed two payday loans and a returned direct debit but says the amounts were minimal and so weren't considered an indicator of financial difficulty.

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

Mr G didn't agree and said Moneybarn never discussed with him if he could afford the agreement and was never asked to confirm his salary. He said that adequate checks would have shown the agreement wasn't affordable.

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.

Before granting the finance, I think Moneybarn gathered a reasonable amount of evidence and information from Mr G about his ability to repay. I say this because it carried out a credit check and received copies of his recent bank statements which could have been used to confirm his income and expenses. However, just because I think it carried out proportionate checks, it doesn't automatically mean it made a fair lending decision. So, I've thought about what the evidence and information showed.

I've reviewed the information and evidence Moneybarn gathered. Having done so I'm satisfied that the checks that were completed showed that the agreement was likely to be affordable to Mr G. I say this because although Mr G has provided evidence to show that he was on an enhanced salary for six months of £2,350 and that this then reduced to £1,850, I have nothing to suggest that Moneybarn was aware of this. It asked for bank statements to verify Mr G's income and this showed his income to be £2,350 and there was nothing to suggest this shouldn't have been relied on. Also looking at Mr G's statements from the time, while I can see there were payments from and to family members I do not find I have enough to show that his committed expenditure at the time meant the agreement should have been considered unaffordable. For these reasons, I don't think Moneybarn acted unfairly when approving the finance application.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 9 March 2022.

Jane Archer  
**Ombudsman**