

## **The complaint**

Mr G complains that Moneybarn No. 1 Limited ("Moneybarn") irresponsibly granted him a loan he could not afford to repay.

## **What happened**

In February 2016, Mr G acquired a car and financed the deal through a conditional sale agreement with Moneybarn. Mr G was required to make 45 monthly repayments of £142.02. The total repayable under the agreement was £6,390.90.

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 reviewing Mr G's pay slips and checking his credit file.

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

Mr G didn't agree and said that he would not have had enough money in his bank account if it wasn't for the payments he was receiving from his ex-wife to cover the finance.

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 didn't ask Mr G about his expenditure. Although it did complete a credit check, this won't have indicated what Mr G's regular living expenses were. Without knowing what Mr G's regular committed expenditure was Moneybarn wouldn't have got a reasonable understanding of whether the agreement was affordable or not. It therefore didn't complete proportionate checks.

I can't be certain what Mr G would have told Moneybarn had it asked about his regular expenditure. I don't think Moneybarn needed to request bank statements, but in the absence of anything else, I've placed significant weight on the information contained in Mr G's statements as an indication of what would most likely have been disclosed.

I've reviewed three months of bank statements prior to the application. These show that Mr G's regular committed monthly expenditure at the time was around £1,097. In calculating this figure, I've included car tax, insurance, mobile phone costs, loans, child maintenance,

food, and a regular monthly payment. At the time Mr G's average income appeared to be about £1,516. Taking these figures into account, it appears to show the agreement was affordable to Mr G who would have had a disposable income of about £419.

Whilst I can see some payments from a Mrs G into Mr G's bank account I've not taken them into account when calculating Mr G's disposable income. Had I done so it would have suggested the agreement was even more affordable.

For these reasons, I'm 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 G to accept or reject my decision before 9 May 2022.

Phillip McMahon  
**Ombudsman**