

## **The complaint**

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

## **Background**

In April 2017, Mr G acquired a used car financed by a conditional sale agreement from Moneybarn. Mr G was required to make 35 monthly repayments of £243. The total repayable under the agreement was £8,518.

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 review of Mr G's credit file and gathering proof of his income through his payslips. It noted that there was evidence of a defaulted debt on Mr G's credit file but that this was 19 months prior and Mr G still met its lending criteria.

Our adjudicator didn't recommend the complaint be upheld. She didn't think she had the evidence to say whether the information Moneybarn had and the checks they did or should've done would've likely made a difference to the decision to lend.

Mr G didn't agree and said that his credit score was very poor and Moneybarn should not have provided him with the agreement.

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 income. I say this because it has said it received copies of Mr G's payslips. These are recorded on the system notes and Moneybarn has said these showed Mr G to have an average net monthly income of £2,245. I haven't been provided with anything that suggests this income figure isn't correct. Based on this income, the monthly instalments account for just under 11% of Mr G's income which I do not think, of itself, raises any specific concerns.

Moneybarn completed a credit check. Moneybarn hasn't provided a copy of the credit check it completed although it noted that Mr G had a historic defaulted account. Mr G has said that his credit file showed several issues and he has reiterated on several occasions that his poor

credit score and the adverse information on his report meant the lending shouldn't have been provided. I haven't seen a full copy of Mr G's report from the time, but Mr G has provided extracts which show he had two county court judgements. These were historic, but this information, combined with the defaulted debt from 19 months prior to the agreement, shows that Mr G had previously experienced financial difficulties. Given the issues identified were historic at the time, I do not find that they alone mean the lending shouldn't have been provided. However, I think it meant that more thorough checks needed to take place to ensure the agreement was affordable for Mr G.

Moneybarn didn't ask Mr G about his expenditure and although it completed a credit check, this won't have indicated what Mr G's regular living expenses were. Given the comments above I think it reasonable and proportionate that additional information would have been gathered about Mr G's expenditure.

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

As Mr G hasn't been able to demonstrate that the agreement was unaffordable, I can't reasonably conclude that Moneybarn ought to have known he would struggle to make the repayments. I'm therefore not persuaded that Moneybarn acted unfairly in approving the finance.

### **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 G to accept or reject my decision before 7 June 2022.

Jane Archer  
**Ombudsman**