

## **The complaint**

Mrs W, who is represented by a third party, complains that Moneybarn Limited irresponsibly granted her a conditional sale agreement she couldn't afford to repay.

## **What happened**

In January 2018, Mrs W acquired a used car financed by a conditional sale agreement from Moneybarn. Mrs W was required to make 60 monthly repayments of £157.10. The total repayable under the agreement was £9,268.90.

Mrs W began missing repayments under the agreement after six months. Moneybarn issued default notice letters in January and August 2019, with the agreement then being terminated in September 2019 and the car subsequently being sold at auction. Mrs W agreed a payment plan with Moneybarn in March 2021 but continued to fall into arrears with her repayments.

Mrs W says that Moneybarn didn't complete adequate affordability checks. She 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 carrying out a credit check and verifying her income.

Our adjudicator didn't recommend the complaint be upheld. She thought Moneybarn didn't act unfairly or unreasonably by approving the finance agreement. The third party sent through some of Mrs W's bank statements but these didn't change our adjudicator's view.

As Mrs W didn't agree with our adjudicator's findings her complaint 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.

I understand the credit check Moneybarn completed showed that Mrs W had defaulted on credit around 8 months previously. Given the length of the loan repayments, albeit at a relatively modest monthly payment level, I think this ought to have indicated that Mrs W could well be struggling financially. It therefore would have been proportionate for Moneybarn to have got a more thorough understanding of her financial circumstances before lending.

Moneybarn didn't ask Mrs W about her expenditure. Although it did complete a credit check, this won't have indicated what Mrs W's regular living expenses were. Without knowing what

her 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 Mrs W would have told Moneybarn had it asked about her 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 Mrs W's statements as an indication of what would most likely have been disclosed.

I've reviewed six months of bank statements, covering the period leading up to and around the time of the application for the agreement. These show that Mrs W's regular committed monthly expenditure at the time was around £1,300-£1,600 per month. In calculating these figures, I've included key regular expenses such as utilities, food, car expenses and credit commitments, including regular payments being made to a payday lender. At the time her income appeared to average out at about £3,000 per month, taking into account the benefits Mrs W was receiving alongside her earnings. Using those figures, I consider the agreement was affordable to Mrs W and that she likely would have had enough disposable income left to cover the cost of the monthly payments under the agreement. I say this having noted that Mrs W says her benefits were going to reduce in the future – although I haven't seen evidence of that. But even taking that possibility into account, I think this still would have been likely to leave enough to cover the payments due under the agreement. I'm therefore not persuaded that Moneybarn acted unfairly in approving the finance.

As Mrs W hasn't been able to demonstrate that the agreement was unaffordable, I can't reasonably conclude that Moneybarn ought to have known she 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 Mrs W to accept or reject my decision before 25 August 2022.

Michael Goldberg  
**Ombudsman**