

## **The complaint**

Miss P is unhappy that Moneybarn No.1 Limited declined her application for car finance.

Miss P is being represented in this complaint by Mr V. However, for ease of reference, my decision will only refer to Miss P.

## **What happened**

In March 2022, Miss P was supplied with a used car through a conditional sale agreement with Moneybarn. She paid a deposit of £2,000, and the agreement was for £10,168 over 36 months. This application was approved on the basis that Miss P's net monthly income was not less than £2,500, and her non-discretionary monthly expenditure wasn't more than £1,246.45. However, the car was found to be of an unsatisfactory quality when supplied to Miss P, so the car was returned, and the agreement unwound in April 2022.

Miss P wanted to finance a replacement car and was initially told by a credit broker that Moneybarn would offer her £25,000. However, once Miss P had provided the credit broker with details of her current expenditure, this amount was reduced to £5,800.

Miss P found a car to fit the reduced budget and made an application for finance through the credit broker. As part of this application, she provided the credit broker with bank statements to verify her income. Moneybarn said that the information they were provided with showed that Miss P's regular monthly expenditure was more than her monthly income. So, they declined her application.

Miss P complained to Moneybarn as she was unhappy that Moneybarn hadn't taken her savings into consideration, or the money she received from Mr V. But Moneybarn said they'd made a fair lending decision based on the information they'd been provided with. And they didn't overturn their decision to decline Miss P's application.

Miss P wasn't happy with Moneybarn's response, and she brought her complaint to the Financial Ombudsman Service for investigation.

Our investigator said that Moneybarn have an obligation to carry out reasonable and proportionate checks to ensure that any lending was both affordable, and that the affordability was sustainable over the lifetime of the agreement. She said that the information provided to Moneybarn didn't match the information they'd been given when Moneybarn said they would consider lending Miss P £25,000. So, she thought it was reasonable for Moneybarn to reduce the amount to £5,800 based on this information.

The investigator also said that, when Miss P made an application for the £5,800, the supporting information provided by the credit broker didn't show that this was affordable for Miss P. As such, she thought Moneybarn had acted reasonably by declining the application.

Miss P didn't agree with the investigator. She said that her expenditure wasn't more than her income, and her bank statements show this. And she didn't think that Moneybarn had

accurately calculated her expenditure. So, she's asked for an ombudsman to make 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.

Having done so, I've reached the same overall conclusions as the investigator, and for broadly the same reasons. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome.

Miss P applied for finance with Moneybarn, which they declined because she didn't fit their lending criteria – based on the information provided to them by the credit broker, they didn't think the loan was affordable.

Moneybarn have said that the information they were provided with showed that Miss P's outgoings exceeded her income. They've also said that they were only provided with the income and expenditure figures by the credit broker, not the bank statements themselves.

In circumstances like these, it's reasonable for Moneybarn to rely upon the information they've been given to make their initial assessment. And I'd only expect then to validate the information provided if the application passed their lending criteria. Which in this case it didn't.

Miss P has said that the bank statements supplied to the credit broker don't show that her outgoings exceed her income. And she's provided copies of what she gave the credit broker. This is a summary statement for the period 3 March 2022 to 1 April 2022, showing the total incoming and total outgoing during that period. She also provided part of a bank statement showing partial transaction for two different days.

While the summary shows that Miss P spent around £2,000 less than what went into her account for this period, it's not a breakdown of her regular monthly income and expenditure. And the partial transactions shown don't provide this information either. As such, had this information been provided to Moneybarn, it wouldn't have provided anything to show that the figures supplied by the credit broker were wrong.

Given all the above, I'm satisfied that Moneybarn acted reasonably by not approving the credit when Miss P applied for it. They've also said that Miss P can apply for finance at any time, *"so long as the documentation you provide meets our criteria and confirms affordability."* Which I also think is reasonable. As such, I won't be asking Moneybarn to do anything more.

### **My final decision**

For the reasons explained above I don't uphold Miss P's complaint about Moneybarn No.1 Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 10 October 2022.

Andrew Burford  
**Ombudsman**