

## **The complaint**

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

## **What happened**

In May 2018, Mr W acquired a used car financed by a conditional sale from Moneybarn. Mr W made an advance payment of £4,900 and was required to make 59 monthly repayments of around £418. The total repayable under the agreement was around £29,555.

Mr W 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 full credit search showing Mr W's levels of borrowing and any arrears or defaults. It also verified Mr W's monthly income through his bank statements.

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

Mr W didn't agree and said Moneybarn hadn't provided a copy of its credit search results and that his bank statements showed poor money management which Moneybarn would have seen had adequate checks taken place.

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 W about his income. I say this because his income was verified against his bank statements. Moneybarn didn't ask Mr W about his expenditure. Although it did complete a credit check, this won't have indicated what Mr W's regular living expenses were. Although bank statements were provided it isn't clear that information about Mr W's expenditure was assessed. Given the size and term of the agreement, I think it would have been reasonable for Moneybarn to assess the expenditure information (as well as the income information) contained in Mr W's bank statements.

Moneybarn hasn't provided a copy of the credit check it completed but has said that this showed Mr W's borrowing was within its lending criteria and that while there was a default recorded this was historic. It also noted a historic county court judgement. I have looked at

a copy of the credit file supplied by Mr W. While this is a more recent report it doesn't show any defaults or county court judgments from the time of the agreement and the accounts do not show any arrears. Therefore, I do not find that Mr J's credit information raised concerns that would require further investigation.

Moneybarn was provided with two months of banks statements from Mr W. These confirmed his income as being around £1,800 a month, in line with the amount Moneybarn used it in its assessment. The statements show several transfers in and out of the account to and from Mr W and his wife. While these may be for living costs, I do not have further details. There are limited committed expenses shown in the bank statements and I do not find that had the statements been considered further these would have suggested Mr W was in financial difficulties. Therefore, without further evidence I do not find I can say that had Moneybarn assessed Mr W's expenditure as well as his income that it would have found the agreement was unaffordable. For this reason, I'm 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 W to accept or reject my decision before 15 September 2022.

Jane Archer  
**Ombudsman**