

The complaint

Mrs Y complains that Moneybarn No. 1 Limited trading as Moneybarn irresponsibly granted her a conditional sale agreement she couldn't afford to repay.

The agreement was entered into jointly by Mrs Y and Mr Y. Mrs Y has explained that Mr Y has since passed away. Therefore, this complaint has been set up in Mrs Y's name.

What happened

In September 2016, Mrs Y (jointly with the late Mr Y) acquired a used car financed by a conditional sale agreement from Moneybarn. The agreement required 58 monthly repayments of around £162. The total repayable under the agreement was around £9,400.

Mrs Y 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 credit checks and verifying the joint monthly income through payslips and bank statements.

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

Mrs Y didn't agree and said she hadn't been able to access her credit report or bank statements from the time. She said she had tried to remove herself from the agreement in 2017 but this hadn't been allowed. She then had to borrow from family to settle 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.

I am very sorry to hear of the circumstances underlying this complaint and I appreciate that both with the split from the late Mr Y and then his passing, it must have been a very difficult period for Mrs Y. However, this complaint is about whether Moneybarn did anything wrong by providing the initial agreement and so while I am truly sorry to hear of the distressing time Mrs Y has suffered for me to uphold this complaint I would need to be satisfied that Moneybarn had acted unreasonably by providing the finance.

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, Moneybarn verified Mrs Y's income through copies of payslips and the late Mr Y's income through his bank statements. Mrs Y was paid weekly, and four

payslips were received which gives income information for around a month. The bank statements provided covered a period from 22 June to 19 August. Based on this information Moneybarn recorded a joint monthly income of just over £2,000. I do not find this unreasonable.

Moneybarn carried out a credit check but hasn't provided a copy of the results. It has noted that while there were historic defaults the most recent was 53 months prior to application and that payments were being made towards this. It said the results showed no recent missed payments. Unfortunately, Mrs Y hasn't been able to provide a copy of her credit report and based on the information provided by Moneybarn, I do not find that the results raised concerns that meant the finance shouldn't have been provided.

While Moneybarn did gather information about the joint income it didn't ask about expenditure. Although it did complete a credit check this won't have indicated what the regular living expenses were. It did have information available about the late Mr Y's expenses from his bank statements, but it didn't have any information about Mrs Y's expenses. Based on the information contained in the bank statements the late Mr Y's expenses were around £900. So, considering the joint income and the expenses information gathered I cannot say that the agreement would have appeared affordable. However, without knowing what Mrs Y'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've considered what Moneybarn would likely have found out if it had completed reasonable and proportionate affordability checks. We've asked Mrs Y to provide us with evidence of her financial circumstances at the time the lending was taken out. However, she hasn't been able to access this and so I do not have enough information to fairly determine what proportionate checks would likely have shown Moneybarn.

As Mrs Y 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.

Mrs Y has also complained that Moneybarn wouldn't remove her from the agreement when she requested this in 2017. I can understand why she wished to be removed as she was no longer in a relationship with the late Mr Y. However, as she was a joint party to the agreement, I cannot say that Moneybarn did anything wrong by not allowing her to be removed and saying she remained jointly liable.

In conclusion, while I understand this has been a difficult situation for Mrs Y, without further evidence to show the agreement was unaffordable at the outset, I do not find I can uphold this complaint.

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 Y to accept or reject my decision before 19 October 2022.

Jane Archer
Ombudsman