

The complaint

Mr K complains that Moneybarn No. 1 Limited ("Moneybarn") irresponsibly granted him credit he couldn't afford to repay.

What happened

In November 2020, Mr K acquired a car. He financed the deal through a conditional sale agreement with Moneybarn. Mr K was required to make 45 monthly repayments of £219.63. The total repayable under the agreement was £9,883.35.

Mr K 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 reviewing Mr K's credit file, validating his declared income, and using statistical data to estimate his non-discretionary expenditure.

Our investigator didn't recommend the complaint be upheld. He thought there was insufficient evidence that Moneybarn acted unfairly or unreasonably by approving the finance agreement.

Mr K didn't agree, and 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.

The information Moneybarn had showed Mr K had an historic default and County Court judgment on his credit file. This was quite a large amount to lend in proportion to Mr K's income of about £1,200 per month and that allied to the fact there had been historic financial difficulty should, I think, have led Moneybarn to make further enquiries to ensure that the lending was affordable for Mr K. I think Moneybarn should have clarified Mr K'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 K to provide us with evidence of his financial circumstances at the time the lending was taken out by providing bank statements. However, he hasn't given us that information and it's not therefore been possible to fairly determine what proportionate checks would likely have shown Moneybarn.

As Mr K 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 I've given above I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 2 November 2022.

Phillip McMahon
Ombudsman