

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 July 2019, Mr W acquired a used car financed by a conditional sale agreement from Moneybarn. Mr W was required to make 59 monthly repayments of around £322. The total repayable under the agreement was around £19,015.

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, verifying Mr W's income from his payslips and allowing an amount for non-discretionary expenditure.

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

Mr W didn't agree and said that he wasn't in employment and his credit file showed he was in financial difficulty – noting he had a county court judgment and default recorded. He provided further evidence to show his financial difficulties and said he couldn't afford the agreement, and this was shown by him being in arrears throughout 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.

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 note his comments about how long he had been employed and that he was still on probation but Moneybarn reviewed two payslips from the months prior to Mr W's application and I think it was reasonable that it relied on this information. This showed Mr W's average monthly income was around £1,300.

Moneybarn completed a credit check and noted that Mr W had a county court judgment recorded 18 months prior to his application and a default recorded three months prior. It said his existing borrowing levels were zero. Moneybarn hasn't provided a copy of its credit check and so I've therefore relied on a copy of the credit file supplied by Mr W. I think this gives a good indication of what Moneybarn would likely have seen. At the time of the application it shows the county court judgment from February 2018 as Moneybarn had recorded. It also

shows that Mr W had defaulted on a number of accounts since 2018 although most of these had been settled by the time of the Moneybarn agreement. Mr W's credit report also showed that he was experiencing issues making his payments for utilities and had been in arrears with his water account (although this was settled in July 2019) had defaulted on another account in May 2019, and was in arrears on a telecommunication account. I think this meant that Moneybarn should have been concerned about whether Mr W was experiencing financial difficulties and as such whether the agreement would be sustainably affordable for him.

Given Mr W's credit information, I think it would have been proportionate for Moneybarn to have verified Mr W's expenditure as well as his income. One of the ways that Moneybarn could have verified Mr W's expenditure was by reviewing bank statements. Unfortunately, Mr W hasn't been able to provide copies of his bank statements. He has provided a testimony regarding his expenses at the time and also some supporting evidence of his situation but having asked for further evidence of his costs this hasn't been provided. I have reviewed the evidence Mr W has provided and can see from his credit report that he had contracts in place for water and a mobile phone around the time of the agreement. His credit report doesn't show regular payments for credit commitments and while I have evidence of his child maintenance costs Mr W hasn't provided evidence of his other living costs such as his rent and other utilities.

Based on the evidence I have I do not find I have enough to say that had Moneybarn carried out further checks it would have found the agreement to have been unaffordable for Mr W. Because of this I do not uphold this complaint.

My final decision

My final decision is that I do not 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 28 December 2022.

Jane Archer
Ombudsman