

## **The complaint**

Mr L, who is represented by a third party, complains that Moneybarn No. 1 Limited ("Moneybarn") irresponsibly granted him a conditional sale agreement he couldn't afford to repay.

## **What happened**

In July 2020, Mr L acquired a used car financed by a conditional sale agreement from Moneybarn. Under the terms of the agreement Mr L was then required to make 60 monthly repayments of £301.94. The total repayable under the agreement was £17,814.46. The purchase price of the car was £9,210.00.

Mr L started getting into difficulty with meeting his payments from around May 2022. Mr L's most recent payment plan with Moneybarn, set up in September 2022, has been cancelled.

Mr L 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 search of Mr L's credit file and checking his income.

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

Mr L and those representing him didn't agree and so the complaint 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 L about his ability to repay. I say this because it completed a credit check to understand how Mr L had managed existing and previous finance arrangements. It verified Mr L's income as £1,922 using payslip information. It also obtained two months of bank statements which set out an indication of what his regular financial commitments were. Based on that, and using statistical data, Moneybarn estimated that Mr L had monthly disposable income of around £640. I've also seen that Mr L had a defaulted account around 16 months before he started the agreement. But other than that, he had no adverse markers in relation to his borrowing and no county court

judgments against him. However, just because I think it carried out proportionate checks, it doesn't automatically mean it made a fair lending decision. So, I've thought about what the evidence and information showed. Whilst the historical default and record of a county court judgment suggests that Mr L may have had some financial difficulty in the past, he appeared to be in better control of his financial and debt commitments by the time he took out the agreement.

I've reviewed the information and evidence Moneybarn gathered. Having done so I'm satisfied that the checks that were completed show that the agreement was likely to be affordable to Mr L. I say this because, taking into account his average monthly income in the two months before he took out the agreement, I can see he was receiving around £1,900 per month. I have also taken into account Mr L's typical level of monthly withdrawals, household bills and rent. Mr L kept his account in credit and appeared able to satisfy his existing household outgoings and credit commitments without getting into undue difficulty with his day-to-day financial situation. And I've not seen other evidence to show or suggest that Mr L was getting into financial difficulty.

I therefore agree with our adjudicator that Mr L was likely to have been left with sufficient disposable income to cover his monthly repayments to Moneybarn. That means I can't say that the agreement was unaffordable for Mr L and so I don't think Moneybarn acted unfairly when approving his finance application.

I am sorry to have to disappoint Mr L on this occasion.

### **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 L to accept or reject my decision before 31 March 2023.

Michael Goldberg  
**Ombudsman**