

## **The complaint**

Ms S, who is represented by a third party, complains that Moneybarn No. 1 Limited ("Moneybarn") irresponsibly granted her a conditional sale agreement ("agreement") she couldn't afford to repay.

## **What happened**

In September 2020 Ms S acquired a used car financed by an agreement from Moneybarn.

Under the terms of the agreement, everything else being equal, Ms S undertook to make 59 monthly repayments of £721.09. The total repayable under the agreement was £42,544.31 at an APR of 34.9%.

Ms S 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 affordability assessment before approving the finance.

One of our investigator's looked into Ms S' complaint and concluded it shouldn't be upheld. She said that she wasn't satisfied that Moneybarn undertook reasonable and proportionate checks to satisfy itself that Ms S would be able to pay the agreement in a sustainable way. But she went on to say that she was satisfied that had reasonable and proportionate checks been undertaken by Moneybarn it would have been entirely reasonable for it to have concluded the agreement was affordable for Ms S.

Ms S didn't agree and so her complaint has been passed to me for review and 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 and Ms S' appointed representative 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.

I would also like to make it clear that I'm only considering in this decision Ms S' complaint that Moneybarn acted irresponsibly when it decided to lend to her in September 2020, nothing else.

So, any concerns Ms S might have about, but not restricted to, the agreement interest rate, the total sum repayable over the term of the agreement and her agreement exit options are concerns I'm not considering in this decision.

Moneybarn says that Ms S declared she was earning £3,000 a month net which it verified with one of the major third party credit reference agencies and by inspection of two payslips (supplied by Ms S dated July and August 2000). I've checked these two payslips and I'm satisfied that these support her declaration she was earning £3,000 a month net. Therefore, it follows that I'm satisfied that Moneybarn carried out reasonable and proportionate checks in this respect.

Moneybarn says that it carried out a credit check before approving Ms S' application. Unfortunately, a copy of the credit check it completed isn't available. I've therefore relied on what Moneybarn says its check showed and what Ms S says such a check would have shown.

And having done so I can confirm that I'm in agreement with the investigator that having carried out the credit check that it did Moneybarn, rather than relying on statistical data from the Office for National Statistics to estimate Ms S' non-discretionary expenditure before agreeing to lend to her, should have made further enquiries and further checks to get a better and more accurate understanding of Ms S' non-discretionary expenditure.

I can't be certain what Ms S would have told Moneybarn had it asked about her non-discretionary expenditure. But based on what Ms S has told our service what that expenditure was and what bank statements for June, July and August 2020 she has provided our service show and don't show in respect of her expenditure (and income) I'm simply not persuaded that further enquiries and further checks by Moneybarn would, or should, have caused it to conclude it shouldn't lend.

In other words, and in summary, I'm simply 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 Ms S to accept or reject my decision before 16 June 2023.

Peter Cook  
**Ombudsman**