

## **The complaint**

Miss C, with the assistance of an appointed representative, 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 Miss C acquired a used car costing £8,839 financed by an agreement from Moneybarn.

Under the terms of the agreement, everything else being equal, Miss C undertook to make 47 monthly repayments of £331.19. The total repayable under the agreement was £15,565.93 at an APR of 36.9%.

Miss C 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 it had performed a number of checks before agreeing to lend which included:

- a full credit search (with a credit reference agency) which provided details of Miss C's current borrowing levels and repayment history (including any arrears and defaults)
- an independent check of Miss C's declared net monthly income of £1,800 (with a credit reference agency)
- the use of statistical data from the Office for National Statistics ("ONS") to estimate Miss C's level of non-discretionary expenditure (including housing, council tax utilities and vehicle costs)
- the use of information (from a credit reference agency) to assess Miss C's ongoing monthly borrowing commitments

Moneybarn said that from the above checks it was able to establish:

- Miss C had one or more defaults, but the latest of these was 44 months old
- Miss C had two county court judgements registered against her, but these were nearly four years old with one marked as satisfied
- Miss C's net monthly income was £1,800 as declared by her
- Miss C's non-discretionary expenditure was £388 a month
- Miss C's current borrowing commitments were £402 a month
- Miss C had a disposable income of £964.93 being £1,800 less £388 less £402 less £45.07 (an additional allowance to allow for variations in any estimates made)

Moneybarn also pointed out that Miss C signed to say that her net monthly income was no less than £1,800 and her non-discretionary expenditure was no more than £964.93.

One of our adjudicator's looked into Miss C's complaint and concluded it shouldn't be upheld. She said that in all the circumstances Moneybarn could and should have made further enquiries about Miss C's financial position and personal circumstances before it agreed to lend.

But she wasn't persuaded, based on what Miss C had provided our service about her financial position and personal circumstances in, and immediately prior, to September 2020 that further (and proportionate) checks by Moneybarn would have, or should have, caused it not to lend.

Miss C 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 Miss C'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.

Before agreeing to lend, I think Moneybarn did enough to verify Miss C's income. There is also nothing in the bank statements supplied to our service by Miss C that would suggest her income was less than the sum of £1,800.00 a month declared by her. Also, I'm satisfied that in agreeing to lend Moneybarn didn't take into account any payments made to Miss C that could be described as irregular or one offs.

Moneybarn hasn't provided a copy of the credit checks it completed. But based on what it says these checks uncovered I, like the adjudicator, think it should have made further enquiries into Miss C's non-discretionary expenditure rather than relying on what it did to establish the same (including the use of statistical data from the ONS).

I've considered what Miss C says her non-discretionary expenditure was in mid 2020 and what her bank statements (covering the period 10 June to 9 September 2020) show. And having done so I'm satisfied that had Moneybarn asked Miss C what her non-discretionary expenditure was, rather than relying on what it did, it wouldn't have concluded (nor should it have concluded) that the agreement was unaffordable. Also, and for the avoidance of doubt, I'm not saying that Moneybarn should have asked for bank statements from Miss C.

For the sake of completeness, I would also add that I've seen nothing in the credit report provided to our service by Miss C dated January 2023 that contradicts what Moneybarn says its credit check 'uncovered'.

Given what I say above I can confirm that I'm not persuaded that Moneybarn acted unfairly (or irresponsibly) in lending to Miss C in September 2020.

### **My final decision**

My final decision is I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 23 August 2023.

Peter Cook  
**Ombudsman**