

The complaint

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

What happened

In July 2020 Mr K acquired a used car financed by an agreement from Moneybarn. Under the terms of the agreement, everything else being equal, Mr K undertook to make 59 monthly payments of £299.33 making a total repayable of £17,660.47 at an APR of 19.9%.

In July 2022 Mr K settled this agreement having made every payment required of him under it between August 2020 and July 2022.

In July 2022 Mr K acquired a used car financed by an agreement from Moneybarn. Under the terms of the agreement, everything else being equal, Mr K undertook to make an advance payment of £500 followed by 59 monthly payments of £292.73 making a total repayable of £17,771.07 at an APR of 31.9%.

As of August 2023 Mr K had made every payment required of him under this agreement.

One of our investigator's looked into Mr K's complaint and concluded it shouldn't be upheld. She said that as Mr K hadn't provided any information in support of his financial circumstances in July 2020 and July 2022 she couldn't reasonably conclude Moneybarn did anything wrong in approving either agreement. She also said that she had seen insufficient evidence to be able to conclude that Mr K was coerced into taking out the second agreement or that Moneybarn had failed to treat Mr K, in 2023, with anything other than forbearance.

Mr K didn't agree and provided our service with a copy of his current credit score and details of two defaults and one arrangement to pay registered 'against' him.

The investigator considered what Mr K said and submitted in response to her view but wasn't persuaded to change her mind. And because the investigator wasn't persuaded to change her mind Mr K's 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.

I'm very aware that I've summarised this complaint above in far less detail than it may merit. No discourtesy is intended by this. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I will, however, refer to those crucial aspects which impact my decision.

Secondly, I would add that where the information I've got is incomplete, unclear or contradictory, I've to base my decision on the balance of probabilities.

Finally, I would like to confirm that I'm satisfied that both parties have had sufficient time to provide me with everything they want to and I see no good reason to delay the issue of this decision.

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.

For reasons I'm satisfied I don't need to explain – in part because of what I go on to say below – I don't think Moneybarn carried out proportionate checks. But, without further information, I can't say that further checks by Moneybarn would, or should, have caused it to decline either of Mr K's applications.

Our investigator asked Mr K to supply a copy of his 'full' credit file and copies of all his accounts for the period three months prior to July 2020 and July 2022 so she could try and establish what further (and proportionate) checks by Moneybarn might have 'uncovered' about his income, expenditure and his circumstances more generally.

Unfortunately, Mr K hasn't provided this information. And without it I can't reasonably conclude that further (and proportionate) checks on the part of Moneybarn would have shown either agreement to be unaffordable. I accept that in response to the investigator's view Mr K provided evidence of two defaults (April 2021 and July 2018) and one arrangement to pay (July 2020) registered 'against' him. But this, in itself, isn't sufficient for me to be able to conclude that Moneybarn shouldn't have lent to Mr K, especially when consideration is given to the 'lending market' in which Moneybarn operates.

For the sake of completeness I would also add that I'm not persuaded that Mr K was coerced into taking out the second agreement. Like the investigator I can't say for certain what was discussed between Mr K and the dealership/broker, but ultimately Mr K signed this agreement and didn't exercise his cancellation rights in respect of it, an option that was open to him.

I've also seen insufficient evidence that would allow me to conclude that Moneybarn has treated Mr K, given his financial circumstances and his health, unfairly, unreasonably or without forbearance, although I would remind Moneybarn of its obligations in this respect going forward.

I understand my decision will be disappointing for Mr K. But given what I say above I'm simply unable to uphold his complaint.

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 Mr K to accept or reject my decision before 5 December 2023.

Peter Cook
Ombudsman