

The complaint

Miss W complains that Moneybarn No.1 Limited, trading as Moneybarn lent to her irresponsibly when it gave her a car finance agreement which she says she couldn't afford.

What happened

Miss W took out a car finance agreement with Moneybarn for £7,790 in May 2020.

Miss W says that Moneybarn shouldn't have lent to her because it made her financial situation worse. She says her financial position was poor at the time she took out the agreement. She asks that Moneybarn pay back all interest and charges on the agreement.

Our investigator didn't think Miss W's complaint should be upheld. Miss W disagreed.

Miss W said she wished to provide evidence of her credit check and bank statements at the time of the lending. Our investigator had already seen the results of a credit check completed by Moneybarn. Miss W didn't provide any bank statements.

As Miss W didn't agree with the investigator's view her complaint has been passed to me to make a 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.

We've set out our general approach to complaints about unaffordable and irresponsible lending - including the key relevant rules, guidance and good industry practice - on our website and I've taken that into account when I have considered Miss W's complaint.

Having done so, I have come to the same conclusion as that of our investigator. I will explain why I have reached this decision.

Moneybarn needed to take reasonable steps to ensure that it didn't lend irresponsibly. In practice this means that it should have carried out proportionate checks to make sure Miss W could afford to repay what she was being lent in a sustainable manner. These checks could take into account a number of different things, such as how much was being lent, the repayment amounts and Miss W's income and expenditure. There is no set list of checks a business has to do.

In Miss W's case, Moneybarn has provided evidence of the checks it completed, and the information Miss W gave during her application. Miss W declared a monthly salary of £2,000. Moneybarn ran further checks to verify Miss W's income. It also checked Miss W's credit record where it found Miss W had no other outstanding credit. It noted that Miss W had defaulted on three accounts in the past, the most recent of which was 21 months before the

application. However, the defaults had been satisfied. There were no County Court Judgments (CCJs) or Individual Voluntary Arrangements (IVAs). Miss W's priority bills were up to date and there was no evidence of any payday lending or home credit taken in at least the previous six months prior to her application.

Moneybarn used Office of National Statistics data to model Miss W's day to day essential expenditure. To this it added a buffer amount. It estimated that Miss W had disposable income of around £850 a month from which she could meet her repayments of around £276 each month towards the finance agreement.

I am satisfied these checks were necessary and proportionate in the circumstances of the lending. I think it was reasonable for Moneybarn to rely on modelling based on Office of National Statistics data. The rules¹ which relate to consumer credit state that a business may take into account statistical data unless it knows or has reasonable cause to suspect that the consumer's non-discretionary expenditure is significantly higher than that described in the data or that the data are unlikely to be reasonably representative of the consumer's situation. In Miss W's case, I don't think Moneybarn had any reason to suspect that Miss W's circumstances were significantly different to those it understood following the credit checks and modelling, and Miss W hasn't supplied any evidence to support such a claim.

In light of the above, I am satisfied that Moneybarn did necessary and proportionate checks before it lent to Miss W and I am also satisfied that it acted appropriately on the outcome of those checks.

In conclusion, I do not think Moneybarn acted unfairly or unreasonably when it lent to Miss W and so I do not think Miss W lost out as a result of anything Moneybarn did wrong. It follows that I do not think Moneybarn needs to do anything further.

My final decision

I do not think Moneybarn No. 1 Limited, trading as Moneybarn, acted unfairly or unreasonably when it lent to Miss W and so I do not think Miss W lost out as a result of anything Moneybarn did wrong. It follows that I do not think Moneybarn needs to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 1 May 2024.

Sally Allbeury
Ombudsman

¹ CONC 5.2A.19