

The complaint

Miss R complains that Moneybarn No. 1 Limited (Moneybarn) lent to her irresponsibly.

What happened

On 30 July 2018, Miss R entered into a conditional sale agreement with Moneybarn as shown below, to buy a used car. The agreement was voluntarily terminated in July 2021.

Date	Amount of credit	Term	Monthly payment	Total repayable
30 July 2018	£5,188.98	60 months	£182.80	£11,520.20

On 05 September 2024, Miss R complained to Moneybarn with the help of a professional representative. In her complaint, Miss R said at the time of the lending she had a poor credit score and was likely to have been on minimum wage. So, she didn't think Moneybarn had lent to her responsibly.

Moneybarn looked into the complaint and issued a final response letter saying it didn't think it had acted unfairly. It said it confirmed the agreement was affordable for her by checking the information the credit reference agencies held about her and by reviewing payslips that Miss R provided. Having done this, it felt the agreement was affordable for Miss R. Moneybarn also felt it had offered the appropriate support to Miss R when she struggled to make payments later in the agreement.

Miss R didn't accept Moneybarn's response, so she referred her complaint to our service with the help of her representative. Although the complaint had been raised more than six years after the agreement was entered into, Moneybarn consented to this service considering the case. So, one of our investigators looked into it. Based on the evidence that was available, our investigator said he couldn't reasonably conclude that the lending was irresponsible, or that the relationship was unfair.

Miss R didn't accept what our investigator said and highlighted again her poor credit score and low wages at that time. This didn't change the investigators opinion. As there was no agreement the complaint has been passed to me to decide.

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.

Having done so, I agree with the outcome the investigator reached for broadly the same reasons.

I think there are key questions I need to consider in order to decide what is fair and reasonable in this case:

- Did Moneybarn carry out reasonable and proportionate checks to satisfy itself that Miss R was in a position to sustainably repay the credit?
- If not, what would reasonable and proportionate checks have shown at the time?
- Did Moneybarn make a fair lending decision?
- Did Moneybarn act unfairly or unreasonably towards Miss R in some other way?

Moneybarn had to carry out reasonable and proportionate checks to satisfy itself that Miss R would be able to repay the credit sustainably. It's not necessarily about Moneybarn assessing the likelihood of it being repaid, but it had to consider the impact of the repayments on her.

There is no set list of checks that it had to do, but it could take into account several different things such as the amount and length of the credit, the amount of the monthly repayments and the overall circumstances of the borrower.

Moneybarn has explained in its final response that it carried out a full credit search to get an understanding of Miss R's situation before it decided to lend to her. It said this revealed her level of active borrowing was low, but that Miss R had two County Court Judgements (CCJs) that had been entered 16 months ago, and that she had defaulted on five accounts with the most recent being 22 months before the application to it for credit. It also noted the level of outstanding defaulted debt was decreasing, so Miss R was making efforts to repay this. Given this, Moneybarn was content to continue with its checks.

Moneybarn said it had verified Miss R's income of £1,536.28 using the payslips she'd provided and took into account Miss R's existing credit commitments and likely essential expenditure. Having done this, it concluded the agreement would be affordable for Miss R.

While I don't doubt what Moneybarn said, it hasn't been able to provide the actual data it used when calculating whether the agreement was affordable for Miss R. I understand this is due to the time passed and this isn't unreasonable. But without seeing this information, it's difficult for me to say that reasonable and proportionate checks were carried out. That's not to say the checks weren't reasonable and proportionate – they might have been – but without the evidence I can't say for sure that they were.

So, with that in mind, I thought about what Moneybarn might have found had it completed proportionate checks. Our investigator has asked Miss R for evidence that would provide detail of her financial circumstances at the time of the lending – such as bank statements. Miss R was able to provide these and in the absence of anything else I think it reasonable to rely on these to understand what Moneybarn would likely have found at the time it completed its checks.

I've reviewed Miss R's statements and whilst I can see she is making payments to historic debts, I can also see she has a reasonable amount of disposable income once her essential expenditure is taken into account. I think if Moneybarn had asked Miss R about her expenditure or seen statements it would have fairly concluded that Miss R would have had enough disposable income to be able to afford the repayments due under the agreement.

So, based on the information available to me, I can't reasonably conclude that Moneybarn acted unfairly when it agreed to lend to Miss R.

Moneybarn has shown that Miss R made repayments mostly without issue until she fell into sustained arrears in early to mid-2021, around halfway into the five-year agreement. Given the time that had passed I don't think this indicates that the agreement was immediately unaffordable or that it had always been unaffordable. Moneybarn has shown it agreed

repayment plans to allow Miss R time to bring the account up to date and provided Miss R with options to exit the agreement which she eventually did. This is broadly in line with what I would expect it to do.

Given this, based on the available evidence, it's not clear enough to me that Moneybarn created unfairness in its relationship with Miss R by lending to her irresponsibly, or in the way it handled the account under the credit agreement. So, I don't find that Miss R's relationship with Moneybarn was unfair, and I can't conclude Moneybarn treated Miss R unfairly in any other way based on what I've seen.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 18 July 2025.

Charlotte Roberts
Ombudsman