

## **The complaint**

Mr R through his representative complains that Moneybarn No 1 Limited lent to him without carrying out the proper checks and using this finance he purchased a car which he could not afford to repay.

## **What happened**

Mr R used the regulated conditional sale agreement to purchase a car in July 2016. The car price was £7,991 and the interest charges were £7,847.55 making the total to pay of £15,838.55. The monthly repayments were £268.45 each for 59 months. In January 2019 Moneybarn has said that a default was issued due to arrears. And from February 2020 Mr R paid as part of a payment plan, a reduced rate of £81.55 a month. The finance was repaid in full in July 2021, and Mr R has possession of the car.

Mr R signed up to be represented in October 2023 and the complaint was submitted to Moneybarn on 28 March 2024. It issued its final response letter in which it gave reasons why it had carried out proportionate checks and did not lend irresponsibly.

After the complaint had been referred to the Financial Ombudsman Service one of our investigators considered that Moneybarn had not done anything wrong. Mr R disagreed and the unresolved complaint was passed to me.

This decision does not cover any quality of goods issues and it does not address the commission element about which Mr R has also complained.

## **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 explained how we handle complaints about irresponsible and unaffordable lending on our website. And I've used this approach to help me decide Mr R's complaint.

Moneybarn needed to make sure that it didn't lend irresponsibly. In practice, what this means is that it needed to carry out proportionate checks to be able to understand whether any lending was sustainable for Mr R before providing it.

Our website sets out what we typically think about when deciding whether a lender's checks were proportionate. Generally, we think it's reasonable for a lender's checks to be less thorough – in terms of how much information it gathers and what it does to verify that information – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower's income was low, the amount lent was high, or the information the lender had – such as a significantly impaired credit history – suggesting the lender needed to know more about a prospective borrower's ability to repay.

Moneybarn verified Mr R's income by asking him to provide two payslips which showed that his net income from full time employment in May 2016 was just over £2,004 and in

June 2016 it was just over £2,345. This gave an average figure of just over £2,174 for a month's net salary. And I have seen from the documents Moneybarn has sent to us that it used that figure in its Income and Expenditure (I&E) analysis. Mr R required an explanation about the income figure used and here it is. Using payslips to verify income is the best method in my view and so I consider Moneybarn approached this part correctly.

Moneybarn did a credit search and that revealed Mr R had £591 as outstanding debt. He had had a defaulted account 18 months beforehand for £500 but Moneybarn has explained that it was far enough in the past not to provide it with concern. I accept that explanation and consider it fair and reasonable. And the current outstanding debt balance of £591 would have led to a small monthly cost. I have no more details about Mr R's credit position in 2016 as any credit file asked for now would not cover that period as usually credit reports go back six years.

Moneybarn used figures it has not been able to show us due to the passage of time – that Mr R's disposable income after deduction of housing costs, council tax, utilities, vehicle costs, and basic living costs (plus it added in a 'buffer' which was a figure to allow for a kind of margin for unexpected costs) – left Mr R with just under £544 each month. This means that Moneybarn allocated £1,630 towards these costs which I consider fair. This £544 figure would not have included food or the cost of the car finance. But Mr R has explained that at the time he was living alone and had no dependents. So as a single person £276 after payment of the car likely was satisfactory. I have read that Mr R needed the car for his lengthy commutes to work and getting the car was an essential part of his working life at the time.

Overall, I am satisfied that Moneybarn carried out proportionate checks, and that it has been able to provide to me enough information from 2016 to satisfy me of that. I do not uphold the complaint.

### **My final decision**

My final decision is that I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 16 July 2025.

Rachael Williams  
**Ombudsman**