

## **The complaint**

Mr D says Moneybarn No. 1 Limited, ('Moneybarn'), irresponsibly lent to him.

He says that it didn't take reasonable steps to ensure he could afford the repayments towards a conditional sale agreement to purchase a car. He says that, at the time of sale, he had a history of poor credit, and Moneybarn didn't ask for information about his circumstances.

Mr D's complaint has been brought by a representative and I've referred to Mr D and the representatives' comments as being from Mr D for ease of reading.

## **What happened**

This complaint is about a conditional sale agreement that Mr D took out to purchase a car in September 2020. The vehicle had a retail price of £9,344.50. Mr D paid a £100 deposit so £9,244.50 was financed. This agreement was to be repaid through 58 monthly instalments of £313.95. If Mr D made repayments in line with the credit agreement, he would need to repay a total of £18,309.10.

Mr D complained to Moneybarn saying that the finance was mis-sold. He said he had a poor credit history, and he had financial problems when he entered into the agreement. He struggled to make the finance repayments.

Moneybarn considered this complaint, and it didn't uphold it. Moneybarn said it thought it'd made adequate checks, which showed that Mr D could afford the lending. Mr D didn't agree with this and brought his complaint to the Financial Ombudsman Service.

Our Investigator didn't uphold Mr D's complaint. They said that Moneybarn had made proportionate checks, and these showed the loan was affordable.

Mr D didn't agree with the Investigator. He said he would like his complaint considered by an Ombudsman. Because Mr D didn't agree, this matter has been passed to me to make a final 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.

When someone complains about irresponsible and/or unaffordable lending, there are two overarching questions I need to consider when deciding what's fair and reasonable in all of the circumstances of the complaint. These are:

1. Did Moneybarn complete reasonable and proportionate checks to satisfy itself that Mr D would be able to repay the credit in a sustainable way?
  - a. if so, did Moneybarn make a fair lending decision?

- b. if not, would reasonable and proportionate checks have shown that Mr D could sustainably repay the borrowing?

2. Did Moneybarn act unfairly or unreasonably in some other way?

And, if I determine that Moneybarn didn't act fairly and reasonably when considering Mr D's application, I'll also consider what I think is a fair way to put things right.

Did Moneybarn complete reasonable and proportionate checks to satisfy itself that Mr D would be able to repay the credit in a sustainable way?

There's no set list for what reasonable and proportionate checks are, but I'd expect lenders to consider things such as the amount, duration, and payments of the finance being applied for, as well as the borrowers' personal circumstances at the time of each application.

Moneybarn has explained that it asked Mr D what his income was, and he said that it was around £1,500 a month. It said that it checked that this was a reasonable fit for his stated occupation. Moneybarn says that it also looked at some payslips which confirmed his income.

Moneybarn also checked Mr D's credit file. The credit reference agency data showed that Mr D's non-discretionary expenditure was about £450 a month. He didn't have any significant other credit commitments, and his lending balances were £198. He had received one cash advance in the last three months before the lending was arranged.

Mr D had defaulted on some previous borrowing, but the most recent defaults were 19 months before the application date, and they were settled prior to this loan starting. There were no other adverse indicators on his credit file such as County Court Judgements or payment arrangements.

Moneybarn also estimated Mr D's regular expenditures. It seems that Mr D was living with his family, and Moneybarn was aware of this, and so his fixed housing costs were recorded as being zero. Moneybarn went on to estimate, using Office of National Statistics Data, that his other living costs would be about £480 a month, this included a 'buffer' of about £40 a month.

It concluded from all these checks that his disposable income would be about £950 a month, which would mean the car finance would be affordable for Mr D.

Mr D has provided some further information about the debt that he had. And he thinks that this should have led to Moneybarn making further checks and not lending. He says that he had defaulted on a payday loan and two credit cards in 2018 and 2019. And one of these had been passed on to a collection agency. But as I've said above, Moneybarn had some detail about them in any event and these were far enough in the past, for this not to affect the lending decision.

Mr D has provided an up-to-date copy of his credit report. I have looked at this, but I think it's reasonable to say that it largely confirms that Mr D had some historic problems in relation to credit cards and some short-term high-interest loans. However, I think it's reasonable to say that there's nothing on this report that shows me Moneybarn should've declined this application, or that it should've been unduly concerned about his current financial position.

I think Moneybarn should possibly have done better checks here, given that Mr D had some problems in the past and was using short-term high cost credit recently.

Mr D has provided his bank statements, and he said that these show that he was having problems with gambling, and that he was reliant on short-term and high-cost credit. Just to be clear I wouldn't have expected Moneybarn to have asked Mr D for copies of these. But they do show that kind of information that it would have found out if it had looked in more detail as Mr D's circumstances so I think it's reasonable to review them.

There is some limited evidence of gambling in the statements and a modest use of high cost and short term credit. It looks like some of this was not present in Mr D's credit reference agency data. And so Moneybarn wouldn't have been aware of it.

But Mr D's bank statements also don't show any significant indicators of financial difficulty. There are no returned direct debits, or other entries associated with financial problems, and Mr D is not overdrawn. I don't think there is enough in the statements to show that Moneybarn should have made better checks. And so, I think that even if Moneybarn had made better checks, then I don't think that what it found would have informed it that it wasn't reasonable to lend.

And when making this decision I've borne in mind that Mr D's expenditure was modest, even including the new loan, due to his living situation. And this was apparent to Moneybarn at the time. Even if he did have some financial problems at or around the lending, he did have a reasonable amount of disposable income.

Mr D has said that he was in a debt management plan at the time the finance was arranged. But he hasn't provided any further evidence of this, and I can't see that Moneybarn was made aware of it at the time of sale. So, it won't be reasonable for it to have factored this into its lending assessment.

I haven't seen any further information that shows it's likely Moneybarn was made aware of any financial problems Mr D might've been having. Or anything that would've prompted it to investigate Mr D's circumstances further. So, I think it was reasonable for Moneybarn to rely on the information it obtained. This showed the loan was affordable.

So overall, in these circumstances, I think Moneybarn's decision to lend was reasonable.

#### Did Moneybarn act unfairly or unreasonably in some other way?

Mr D did miss some payments to the loan in 2021. But I can see from the contact notes that he did receive assistance from Moneybarn when this happened. I don't think it's reasonable to say that Moneybarn didn't help him. Mr D repaid the loan in full in 2024.

I've also considered whether Moneybarn acted unfairly or unreasonably in any other way, and I have considered whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974.

However, for the reasons I've already given, I don't think it lent irresponsibly to Mr D or otherwise treated him unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

I haven't seen anything to make me think Moneybarn acted unfairly or unreasonably in some other way.

**My final decision**

For the reasons set out above, I don't uphold Mr D's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 17 July 2025.

Andy Burlinson  
**Ombudsman**