

The complaint

Mr P complains that Moneybarn No. 1 Limited trading as Moneybarn lent to him irresponsibly.

What happened

On 16 November 2017, Mr P entered into a finance agreement with Moneybarn as shown below, to buy a used van. He repaid the agreement in June 2023.

Date	Amount of credit	Term	Monthly payment	Total repayable
16 November 2017	£9,400	60 months	£302.48	£18,246.32

On 14 June 2024, Mr P complained to Moneybarn with the help of a professional representative. He said appropriate affordability checks were not carried out and at the time of lending he was behind on his mortgage and in arrears with a couple of other creditors.

Moneybarn looked into the complaint and issued a final response letter rejecting it. Moneybarn provided a summary of the checks it had conducted and felt the agreement was affordable for Mr P. It said it had confirmed the agreement was affordable for him by checking the information the credit reference agencies held about him and reviewing bank statements that Mr P provided. Moneybarn also felt it had offered the appropriate support when Mr P struggled to make payments later in the agreement.

Mr P didn't accept Moneybarn's response, so he referred his complaint to our service with the help of his 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 she couldn't reasonably conclude that the lending was irresponsible, or the relationship was unfair.

Mr P didn't accept what our investigator said and reiterated that he was behind with his mortgage and other creditors at the time of the lending. He's said this showed he was struggling financially at the time and that Moneybarn shouldn't have lent to him. 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.

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 Mr P 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 Mr P in some other way?

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

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 Mr P's situation at the time. It said this revealed his existing borrowing levels were low, but it noted Mr P had 3 County Court Judgements (CCJs) that had been entered 56 months ago, with one being settled by the time of the lending decision. It also saw that Mr P had defaulted on seven accounts with the most recent being 43 months before the lending decision it made. However, given how long ago the CCJ's and defaults had occurred and the fact the Mr P was making efforts to pay these accounts, Moneybarn was content to continue with its checks.

Moneybarn said it had verified Mr P's income of £2,143.20 using the bank statements he'd provided. It said it reviewed the statements for any concerning expenditure such as excessive gambling, excessive use of pay day loans, excessive use of an unarranged overdraft, or returned direct debits. However, it didn't find any evidence of this and felt the statements confirmed the lending was affordable.

I think these checks were proportionate given the type and amount of lending, but I've also gone on to consider whether Moneybarn made a fair decision to lend based on what it found when completing its checks.

Mr P has said when he entered the agreement, he was already behind with some of his other creditors, including his mortgage, and Mr P provided some evidence of this in a copy of his credit file from 2024. But I must consider what information was available to Moneybarn at the time of the application.

Moneybarn has provided the results of the checks it did at the time and there is no evidence that any mortgage arrears or other arrears were recorded at that point. I can also see from Mr P's statements that monthly mortgage payments were being made. So, whilst I don't doubt what Mr P has said, I don't think Moneybarn acted unreasonably given the information available to it at the time.

I've also reviewed the statements and whilst I can see Mr P is making payments to historic debts, I can also see he has a reasonably healthy disposable income once his mortgage, insurances and credit repayments are taken into account. I can't see he pays for any utility bills, but even if I take into consideration a reasonable sum for these, Mr P 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 make a finding that Moneybarn acted unfairly when it agreed to lend to Mr P.

Moneybarn has shown that Mr P made repayments without issue for much of the contract. But I can see that he fell into arrears at points in the agreement and Mr P has said this was a result of him being self-employed and experiencing quieter periods. At these points Moneybarn has said it paused collections activity and allowed time for Mr P to bring the

account back up to date until he settled it in June 2023. 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 Mr P by lending to him irresponsibly, or in respect of its handling of the account under the credit agreement. So, I don't find that Mr P's relationship with Moneybarn was unfair, and I can't conclude Moneybarn treated Mr P unfairly in any other way based on what I've seen.

My final decision

Your text here

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

Charlotte Roberts
Ombudsman