DRN-5423690

Financial Ombudsman Service

The complaint

Mr H, through his representative, complains that Moneybarn No. 1 Limited lent to him irresponsibly by approving car finance for him.

What happened

On 8 December 2020 Mr H agreed to pay for finance arranged by Moneybarn to pay for a car. The total to repay was £21,549.16 being £14,148 for the car and £7,401.16 in interest. There was no advance payment by Mr H and his monthly cost was scheduled to be £365.24 for 59 months. The agreement was settled early in January 2024. For ease of reading, I have used rounded figures in the decision to dispense with the need to include pence.

After Mr H had complained, Moneybarn responded with its final response letter in November 2024. When his complaint was referred to the Financial Ombudsman one of our investigators looked at it and did not think that Moneybarn needed to do anything to put things right for Mr H. He disagreed and the unresolved complaint was 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.

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 H's complaint. Having carefully thought about everything I've been provided with; I'm not upholding his 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 H 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 – suggested the lender needed to know more about a prospective borrower's ability to repay.

Moneybarn has explained what it did to verify Mr H's income when he applied and that it used statistical data for the general expenditure he was likely paying. That is generally considered satisfactory where there's been no other elements likely to have caused some concern to Moneybarn – and here there were not.

And I start by setting out some of Mr H's own answers in the questionnaire he filled in for his representative and signed as '*true and accurate*' on 18 September 2024. Mr H confirmed that he was never in arrears in his payments on his rent or his credit cards; he does recall a credit check being carried out by Moneybarn and the result was communicated to him; he did not feel pressurised to accept the finance; he never missed any repayments to Moneybarn, and his mental wellbeing and quality of life were not affected by the repayments.

The final question was whether Mr H believed the credit agreement was affordable or unaffordable and he answered *'affordable.'*

Moneybarn verified Mr H's declared monthly income as £2,083 using credit reference agencies. Mr H had said he was employed full time and named the employer.

It carried out a credit search and Mr H had no evidence of any defaulted debt in the past, there were no records of any insolvency or any County Court Judgments. There were no current records of any home credit or payday lending. Mr H did not have a mortgage. Mr H's outstanding revolving credit (meaning credit and store card accounts) was £1,126 and his outstanding non-revolving credit was £369. These would have been viewed by Moneybarn as low overall debt figures. And I agree with that. Moneybarn used a figure of £159 a month for his credit commitment monthly cost.

It calculated Mr H's non-discretionary expenditure – meaning his outgoings for which he had an obligation to pay – as just over £1,090 a month. Moneybarn has sent us those monthly figures. These (rounded) were: housing costs of £537, council tax of £84, utilities of £141, vehicle costs £92 and basic living costs £237. These added up to £1,090. Moneybarn has made it clear that these figures are from Office for National Statistics (ONS).

The combination of the verified income, the low overall credit commitment cost and exposure leads me to consider that use of the ONS for data on living and housing costs was fair and reasonable. It was within the regulatory framework Moneybarn was expected to adhere to. And I do not consider that any further checks were required.

The overall figure was £1,090 expenditure plus £159 for credit commitment costs each month plus the new car finance cost each month of £365. That would have left Mr H with around £469 left at the end of each month. I consider that Moneybarn carried out proportionate checks and would have viewed the car finance as affordable. Mr H has said the same to his representative despite it then submitting an unaffordable lending complaint to Moneybarn.

Additionally, Mr H's representatives have submitted an Income and Expenditure (I&E) analysis which demonstrates to me that it has reached very similar figures for his overall expenditure to those presented as ONS data by Moneybarn. For example, it had gathered that Mr H's income was £1,920 each month and his average (over three months) general and credit commitment expenditure was £1,159, leaving him with around £761 left over before paying for the car finance. After deducting the car finance cost of £365 that would have left Mr H – on the representative's figures – with £396 each month, which is about £73 of difference in the two sets of figures. This demonstrates to me that the ONS data used was broadly accurate for Mr H.

Then Mr H's representatives went on to submit that the 'other' expenditure it had cited of around £433 a month, was the cost of gambling it said Mr H carried out. So, it said that the car finance was unaffordable on its I&E. I have not checked Mr H's bank account statements to see if that is right about the gambling as I do not have to. Moneybarn had no reason to carry out additional checks. I consider it carried out proportionate checks. So, it would not have seen the gambling transactions if they were present.

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 s.140A of the Consumer Credit Act 1974.

However, for the reasons I've already given, I don't think it lent irresponsibly to Mr H 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 do not uphold the complaint.

My final decision

I do not uphold the complaint

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr H to accept or reject my decision before 8 September 2025.

Rachael Williams
Ombudsman