

## **The complaint**

Mr N 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 no credit checks were conducted to identify existing debts or arrears. If it had made better checks it would have seen that Mr N was already overburdened with debt and so couldn't afford the new lending.

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

## **What happened**

This complaint is about a conditional sale agreement that Mr N took out to purchase a car in September 2020. The vehicle had a retail price of £4,480. Mr N financed all of this.

This agreement was to be repaid through 47 monthly instalments of £169.43. If Mr N made the repayments in line with the credit agreement, he would need to repay a total of £7,963.21. The agreement was settled early in March 2023. As far as I can see Mr N didn't have any problems repaying the agreement.

Mr N complained to Moneybarn saying that proper checks weren't made before lending. And better checks would have highlighted his existing financial difficulties.

Moneybarn considered this complaint, and it didn't uphold it. It said it was satisfied that it had assessed the lending fairly and the lending amount offered was affordable. Mr N didn't agree with this and brought his complaint to the Financial Ombudsman Service.

Our Investigator didn't uphold Mr N's complaint. He thought Moneybarn did proportionate checks, and these showed the loan was affordable.

Mr N didn't agree with the Investigator. He said that he had a high debt to income ratio at around 92%, and this left him with very little flexibility for essential living expenses. A review of his bank statements should have been conducted, and this would have shown that Mr N had a gambling addiction and financial problems. He also was already in a debt management plan which should have raised concerns about his ability to take on new finance

Our Investigator didn't change their opinion. Because Mr N 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 N 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 N 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 N'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 N 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 asked Mr N what his income was, and he said that it was around £2,000 a month. He said that he was in full time employment and Moneybarn said that it checked that his income was a reasonable fit for his stated occupation. It also verified his income using a tool provided by a credit reference agency ('CRA').

Moneybarn obtained information from the CRA about Mr N's existing credit commitments. This showed he had active credit balances of about £1,950. Some of this was revolving credit and some was a home credit loan with a value of £1,200. Moneybarn found out that Mr N was paying about £570 a month to his credit commitments.

It also found out that he had defaulted on some credit around 19 months ago. The starting balance of the defaults was £1,400 and this had now reduced to £300. He was in a plan to manage this debt.

Moneybarn then went on to estimate Mr N's other expenditures. It estimated that he spent a further around £1,100 on fixed and ordinary living expenditures. And it added a buffer to this of about £55 and then his existing credit commitments. And this left him with a disposable income of about £300 a month. And it thought that Mr N could afford the lending after these checks and calculations.

Having considered everything I think these checks were proportionate and they showed that Mr N could afford the lending. I don't think that Moneybarn needed to do more here. I think that Mr N's financial situation seemed to be relatively stable, and he was managing the problems he'd had in the past. The loan repayments were a relatively modest proportion of his income. And he did need transport, as he says, the car was essential for work.

Mr N has said that he had a high debt to income ratio, and this means that Moneybarn should have looked into his circumstances in greater detail. It's not clear how he calculated this percentage, it may have used his monthly income amount against his total debt, whereas comparing this with his yearly income would be a better comparator. But I think his existing debt was modest, at just under £2,300 in total. I don't think Moneybarn needed to make better checks due to his existing debt, even if he'd had repayment problems in the past.

Mr N has said that he was gambling excessively. However, as I've said above, I consider that validating Mr N's income, taking into consideration the contents of the credit file and looking into his expenditure plus the payments to Moneybarn, was a reasonable and proportionate check. As such, I wouldn't expect Moneybarn to have obtained bank statements. So, it would only have been aware of Mr N's gambling problem if he made them aware of this. And I haven't seen that he did so as part of the application process.

But in any event while Mr N has said that his bank statements, or similar information, shows that he was in financial difficulty he hasn't provided this information. So, I can't say what it would have shown, and I wouldn't have been able to uphold Mr N's complaint on this basis in any event.

Mr N has made reference to other decisions the Financial Ombudsman Service has made; we consider each complaint on its own merits and its own individual circumstances. So, my decision won't be impacted by any decision made on a different complaint, no matter how similar Mr N feels the situation is. But in any event having looked at this other decision the circumstances surrounding the lending seem very different to Mr N's.

So, and while I appreciate this will come as a disappointment to Mr N, I'm not upholding his complaint.

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

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

Andy Burlinson  
**Ombudsman**