

## **The complaint**

Miss E complains that Moneybarn No 1 Limited trading as Moneybarn sold her car finance which was unaffordable for her.

## **What happened**

In July 2019 Miss E entered into a conditional sale agreement with Moneybarn to purchase a car. The capital amount of the loan was £5,879 with a total amount repayable of £8313.05 payable by monthly repayments of £223.23 for a term of 36 months.

Miss E complained that Moneybarn had lent to her irresponsibly and that the agreements wasn't affordable for her.

Moneybarn didn't uphold the complaint. It said it had completed reasonable and proportionate checks which showed that the agreement was affordable for Miss E.

Miss E wasn't happy with the response and brought her complaint to this service. She wants a refund of all interest, fees and charges plus interest, and compensation for the distress caused to her by the length of time it has taken Moneybarn to handle the complaint.

Our investigator didn't uphold the complaint. They said that although they couldn't be satisfied that reasonable and proportionate checks had been carried out, there was no evidence to suggest that the agreement was likely to be unaffordable for Miss E.

Miss E didn't agree so I've been asked to review the complaint.

## **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.

Our approach to complaints about unaffordable and irresponsible lending including the relevant rules, guidance and good industry practice are set out on our website. I've used this approach to help determine Miss E's complaint.

Having carefully considered everything I've decided not to uphold Miss E's complaint. I'll explain why.

Did Moneybarn carry out reasonable and proportionate checks to make sure that Miss E could repay the loan in a sustainable way?

Moneybarn needed to take reasonable steps to ensure that it didn't lend irresponsibly. In practice this means that it should've carried out proportionate checks to make sure Miss E could afford to repay what he was being lent in a sustainable manner. These checks could take into account a number of different things, such as how much was being lent, the repayment amount and the customers income and expenditure.

Our website sets out what we typically think about when deciding whether a lenders 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 it – in the early stages of a lending relationship.

But we might think a lender needed to more if, for example, a borrower's income was low, or the amount lent was high. And the longer a lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So, we'd expect a lender to be able to show that it didn't continue to lend to a borrower irresponsibly.

Moneybarn says it agreed to Miss E's application after she provided details of her monthly income of £1700 and some information on her expenditure. It says it carried out a credit check which showed that Miss E's existing borrowing levels were low. The credit check showed that Miss E had some defaults, but the most recent default was 22 months prior to the application. The credit check also showed two CCJ's which were recorded 22 months prior to the application. Based on the information obtained from the credit checks, I think it's fair to say that the CCJ's and defaults were historical and not reflective of Miss E's circumstances at the time she applied for the loan.

The information from the credit checks showed that Miss E had monthly income of £1700. Using ONS data, Moneybarn calculated that Miss E's monthly expenditure was £860.08, which left her with monthly disposable income of £660.92.

Moneybarn said that based on these checks it took the view that the information showed that Miss E could afford to make the repayments she was committing to.

This service asked Moneybarn to provide evidence to support what it said the credit checks showed. It hasn't done so. Nor has it provided evidence to show that Miss E's income and expenditure was verified.

Because Moneybarn hasn't provided this evidence and having regard to the level of credit advanced to Miss E, as well as the length of the agreement, I can't be satisfied that reasonable and proportionate checks were carried out.

I've therefore gone on to consider what reasonable and proportionate checks would've shown had they been carried out.

Would reasonable and proportionate checks have shown that Miss E could repay the agreement in a sustainable way?

Because I'm not satisfied that reasonable and proportionate checks were carried out, I need to consider what reasonable and proportionate checks would've shown.

I think it would've been proportionate for Moneybarn to have verified Miss E's income and expenditure. One way of doing this would be to look at her bank statements, because this would give an indication of Miss E's circumstance at the time of applying for the agreement.

This service asked Miss E (through her representatives) to provide us with copies of her bank statements from April 2019, May 2019 and June 2019. I've reviewed these.

The bank statements show that Miss E had a regular income of around £985 per month which consisted of tax credits, child benefit and child maintenance. There were also payments received from an additional bank account of around £480 per month. This shows that Miss E's total monthly income was around £1465.00.

This service asked Miss E to provide statements for the additional bank account. We also

asked for proof of the payments she stated that she was making in cash. Neither the statements nor the information was provided.

Because the evidence requested wasn't provided, I don't know what Moneybarn would've seen if they had carried out proportionate checks. This means that I can't safely conclude that Moneybarn would've discovered that the agreement was unaffordable for Miss E.

For this reason, I'm unable to say that Moneybarn made an unfair lending decision.

Did Moneybarn act unfairly in some other way?

I've considered whether Snap Finance acted unfairly or unreasonably in any other way, including whether its relationship with Miss E might have been unfair under section 140 of the Consumer Credit Act 1974.

However, for the reasons I've set out above, I haven't seen anything to suggest that this was the case.

**My final decision**

My final decision is that I don't uphold the complaint.

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

Emma Davy  
**Ombudsman**