

The complaint

Miss B complains Secure Trust Bank Plc trading as Moneyway (Moneyway) irresponsibly entered into a car finance agreement because it didn't carry out reasonable and proportionate checks to ensure the lending was affordable.

What happened

Miss B took out a hire purchase agreement with Moneyway on 16 December 2021 in order to acquire a used vehicle. The cash price of the car was £6,490. No deposit was paid. Miss B was to pay 43 monthly instalments of £227 and a final monthly instalment of £237. The total amount repayable was £9,998.

Miss B complained to Moneyway on 7 March 2024 about the lending being irresponsible and unaffordable.

Moneyway responded to the complaint on 22 April 2024. It didn't uphold Miss B's complaint. It said it had carried out reasonable and proportionate checks and felt the lending decision had been a fair one based on the information it received. Miss B remained unhappy and asked our service to look into her complaint.

On 13 June 2025, I issued a provisional decision. I said:

Miss B didn't agree with our Investigator's findings. She said:

I note Miss B has raised concerns about the finance broker. However, I'm satisfied it is Moneyway who is responsible for the lending decision here. The broker acted on its behalf and an irresponsible lending complaint is correctly made against Moneyway here.

I think there are key questions I need to consider in order to decide what's fair and reasonable:

1. Did Moneyway carry out reasonable and proportionate checks to satisfy itself that Miss B was in a position to sustainably repay the credit?

- If so, did it make a fair lending decision?*
- If not, what would reasonable and proportionate checks have shown at the time?*

2. Did Moneyway act unfairly or unreasonably towards Miss B in some other way?

Moneyway had to carry out reasonable and proportionate checks to satisfy itself that Miss B would be able to repay the credit sustainably. It's not about Moneyway assessing the likelihood of being repaid, but it had to consider the impacts of the repayment on her.

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.

Did Moneyway carry out reasonable and proportionate checks to satisfy itself Miss B was in a position to sustainably repay the credit?

Moneyway said Miss B told it she had a monthly income of £1,850, she was unemployed, and her income was made up of benefits. Moneyway has explained it carried out an income and expenditure check via a Credit Reference Agency (CRA) which showed Miss B's income was more than her expenditure. It has not provided evidence of the result of this and it's not clear from what's been explained that it actually verified the income figure declared, or whether it took account of total incomings and outgoings into Miss B's account. So, I can't be satisfied Miss B's income was reasonably verified.

Moneyway also said it obtained information from a CRA to understand how Miss B had been managing her credit. I've reviewed a copy of the credit check carried out. In respect of Miss B's active credit, I can see she had two current accounts (with no overdraft balance), a credit account with no balance, four mail order accounts and a credit card. She also had two settled accounts. Her revolving credit was around £3,261 at the time she took out the lending and she had a total available credit limit of around £3,900. So, her utilisation was around 84%. There were no missed payments showing. Having considered the credit search I don't think there was anything which necessarily ought to have caused Moneyway concern about how she was managing her finances.

Moneyway said it calculated Miss B's rent based on her post code and calculated her cost of living based on data provided by the Office for National Statistics (ONS). This information included costs for food; energy; commute; home insurance; car costs; water; media and council tax. These estimates were adjusted because Miss B had explained she was single and a council tenant. It estimated Miss B's total expenditure as £1,135 per month. It also used an income and expenditure assessment tool, provided by a CRA, to verify that her income was more than her expenditure.

CONC explains that a lender is entitled to rely on statistical data unless it knows or has reasonable cause to suspect the customer's non-discretionary spend is significantly higher or the data is unlikely to be reasonably representative. Or, if it's not appropriate to place reliance on statistical data in the circumstances. Here, Miss B was a council tenant, unemployed and in receipt of benefits. Her income was relatively low and likely to be fairly fixed throughout the duration of the agreement. Considering, the total amount repayable, the size of the monthly repayments and the duration of the agreement, I think a borrower focussed check ought to have included asking Miss B for information about her specific essential spend to ensure the lending was affordable for her.

For these reasons, I think reasonable and proportionate checks ought to have gone further to ensure the lending was affordable and to find out more about Miss B's specific financial circumstances including her income and expenditure. Importantly, this was a relatively significant amount to lend and the monthly repayments were fairly high when thinking about Miss B's relatively low income.

Were reasonable and proportionate checks likely to have shown Miss B could sustainably afford to repay the agreement?

Although I have concluded I don't think the checks were reasonable or proportionate in the circumstances, it doesn't automatically follow that the complaint should be upheld. I must now consider what reasonable and proportionate checks were likely to have shown. In order to do this, I have reviewed bank statements which have been provided to us. To be clear, I'm not saying Moneyway needed to go as far as to obtain the statements to verify Miss B's circumstances. In respect of her expenditure, and considering the information Moneyway had, I think it only needed to have asked her about her essential spend.

Our Investigator requested three months' worth of Miss B's current account statements in order to consider Miss B's overall spend in the months leading up to the lending decision. However, we received statements for November 2021 and December 2021. I understand Miss B couldn't provide the statements from September 2021 and October 2021. So, I've thought about the information I do have and what I consider was likely to have been disclosed about Miss B's expenditure at the time the lending decision was made in December 2021.

I note Miss B has raised concerns about the income figure used in the affordability assessment. Moneyway has provided a system note confirming the details which were entered when Miss B applied for the credit. This showed a declared income of around £1,850. I can see from Miss B's statement from November 2021 that she received £1,794 in total benefit payments. This included her universal credit payment and a personal independent payment (PIP). She has explained her monthly income at the time was £1,653 and I think the discrepancy around the income has arisen because of how the benefit payments fell due in the month.

Miss B seems to have expected to receive a payment of £453.20 and a payment of £887.68 every four weeks. I've thought about the total she could expect to receive throughout the year and averaged this to consider her average monthly income – which falls around £1,453. I've taken this lower figure for the purposes of the decision, because I'm satisfied it doesn't change the overall outcome of the complaint here. But I am mindful Miss B has said her income was higher than this.

I have also thought about what Miss B has said in respect of not being provided with the credit because she was in receipt of benefits. However, I don't think this should be a reason in itself to say Moneyway shouldn't have lent providing the lending seemed affordable and sustainable.

Having reviewed the information I have, Moneyway were likely to have discovered her essential spend to be in the region of around £900. This includes payments towards credit commitments as noted in the credit search completed by Moneyway. It's also based on information I can see around her spend on food, insurance, petrol, utility bills and other direct debits. After the payments of £227 per month, she'd be left with around £326. Taking what Miss B has told us about her income, she would have more left over each month. With this in mind, I'm satisfied reasonable and proportionate checks were likely to have shown she had sufficient disposable income to afford this agreement.

Additionally, I appreciate Miss B's comments that the child element of her universal credit was due to change in 2023 as one of her children turned eighteen. However, I don't think this meant Moneyway shouldn't have lent to her. Although this was likely to reduce her overall income, I don't think it necessarily meant Miss B would have less disposable income.

I say this because as a dependent turns eighteen the potential for their own independency increases. They're able to work or obtain their own benefits as an adult, meaning they could cover some of their own expenses and reduce their overall dependency on their parents. In light of this, I don't think it meant Moneyway shouldn't have lent.

I've also thought about Miss B's existing credit, and I don't think there was anything which ought to have raised concern. She seemed to be managing the credit she had and didn't seem to be overindebted. I appreciate Miss B has explained she had a gambling problem, and I note she's explained she had to borrow money off friends and family. I can see this from the statements. I also note there was other spending on the statements outside of what I think was likely to have been considered essential. Nevertheless, I don't think Moneyway needed to obtain the bank statements in order to have completed reasonable and proportionate checks. So, I don't think this was likely to have been discovered.

Overall, I don't think the checks carried out were reasonable or proportionate. However, having considered the information I do have, I don't think reasonable and proportionate checks were likely to have shown Miss B couldn't sustainably afford the credit.

Has Moneyway treated Miss B unfairly or unreasonably in some other way?

Having reviewed the contact notes, I haven't seen evidence Moneyway treated Miss B unfairly or unreasonably in some other way. Moneyway first understood Miss B was struggling to make payments in December 2022. At this time, the car needed repair work. Miss B has made a separate complaint about the quality of the car.

I've seen Moneyway were in contact with Miss B fairly frequently in 2023, assessed her income and expenditure and arranged payment plans. Similarly, in January 2024 Moneyway discussed Miss B's financial circumstances and provided an arrangement in light of the difficulties she was experiencing. Moneyway have also confirmed it is conducting its own separate investigation into the forbearance it offered its customers in 2023, and Miss B will be updated should it find anything.

I've also 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 Moneyway lent irresponsibly to Miss B or otherwise treated her 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.

Both parties have now had the opportunity to consider my provisional decision.

Miss B didn't accept my findings, and she provided further evidence. She has provided a bill from her water provider dated 7 December 2021 which showed the amount owed was over £2,000. She said she started struggling only nine months into the agreement and because of the massive effect the faulty vehicle had. This wasn't taken into account and neither were the costs of having to have it fully serviced each year as per the agreement. She said she can't trust Moneyway based on information she has seen from the subject access request (SAR). She's said she can't accept proportionate checks were carried out and that the lending was fair and affordable. She says she has been sold a faulty car, with a high APR on fictitious probabilities of it being affordable. She has said she could provide evidence of her debts at the time. She's also reiterated that her benefits reduced.

Miss B is also concerned the application is inaccurate. She said she hasn't lived at her address for five years; had two dependents, was in receipt of benefits since 2016 and the application isn't signed or dated. She appreciates Moneyway have used a broker but doesn't understand how its checks could have been proportionate if the information it was provided was inaccurate.

As both parties have now had the opportunity to respond, I've proceeded to issue my final decision on the matter.

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.

Having done so, I see no reason to depart from the conclusion I reached in my provisional decision for largely the same reasons. I've already set this out above so I won't repeat it in detail here, but I will draw out some key points to respond to Miss B's concerns and to provide some further clarity.

Firstly, I do want to assure Miss B that I have thought carefully about her being in receipt of benefits at the time. This is one of the reasons why I decided the checks Moneyway carried out didn't go far enough. I think they ought to have done more to ensure this lending was affordable and I've explained what I think this was most likely to have shown in the circumstances. I note at the time of the application Miss B declared she was receiving income and I've set out what I think was likely to have been verified. It would have been reasonable for Moneyway to rely on this and I don't think it necessarily needed to obtain any further information about the benefits in order to consider whether the lending was affordable.

I appreciate she is concerned about the application details and the income and expenditure form, and I know this has impacted her trust in the process. I have noted what she has said in her response, and I want to explain that I do not think the checks Moneyway did were enough in the circumstances. I think it ought to have asked Miss B about her essential spend and her circumstances would have been discussed then. I've then taken into consideration what I know about her circumstances to decide what reasonable checks were likely to have shown. It's likely the inconsistencies relevant to the affordability of the agreement would have been drawn out if it had asked her about her finances.

As I've thought about her financial circumstances in more detail than what was on the application form, I don't think I need to comment on the inaccuracies she has described any further in order to reach the right outcome here. Moneyway has said it relied on ONS data to estimate Miss B's spend and neither party has provided a copy of an income and expenditure assessment which might have been completed when Miss B applied for the credit. Therefore, I must make a decision based on the information I do have.

I note she has provided a water bill with an outstanding balance. She's also said she can provide further evidence of her debts at the time. However, this doesn't change my conclusion here. I have thought about the information Moneyway had about how Miss B was managing her finances and there was no indication she wasn't meeting her commitments. All I think Moneyway ought to have done is asked Miss B about her essential regular spend and I don't think it would have reasonably discovered she was having financial difficulties at the time. I'm also mindful that Miss B wanted the car, and it is with this in mind that she would have presented her finances.

I appreciate the quality of the car has been raised as a separate complaint and the problems with it have caused her financial strain. This is not the subject of my decision, but I would assure Miss B that I have thought about the general costs of running a car when thinking about the affordability of the agreement.

Weighing up all the evidence I have, I'm not satisfied the checks carried out by Moneyway were reasonable and proportionate. However, had such checks been carried out, I think they were likely to have shown the agreement was affordable. Therefore, I won't be asking Moneyway to do anything to resolve the complaint.

My final decision

For the reasons outlined above, I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 28 July 2025.

Laura Dean
Ombudsman