

## **The complaint**

Mr P complains MONEYBARN NO.1 LIMITED (Moneybarn) irresponsibly lent to him because it didn't carry out reasonable and proportionate checks to ensure the lending was affordable.

## **What happened**

Mr P took out a conditional sale agreement with Moneybarn in order to acquire a used car. The agreement was taken out in May 2020. The cash price of the car was £10,695 and Mr P paid a deposit of £1,000. The total amount payable under the agreement was £19,752.56 and Mr P was to pay 59 consecutive monthly payments of £317.84.

Mr P is represented in his complaint but for ease of reading, I'll simply refer to Mr P throughout this decision. He complained to Moneybarn in November 2024 about the lending decision.

Moneybarn responded to the complaint in December 2024. It said appropriate checks were carried out and the decision to lend was a fair one as the agreement seemed affordable and sustainable.

Mr P remained unhappy and asked our service to investigate. Our Investigator looked into things and explained why he felt the complaint shouldn't be upheld. Mr P didn't agree with our Investigator's findings. Therefore, the case 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.

Our approach to complaints about irresponsible and unaffordable lending is set out on our website. In summary, there are some key questions I need to consider to decide what's fair and reasonable in the circumstances of this complaint. This includes:

1. Did Moneybarn carry out reasonable and proportionate checks to satisfy itself that Mr P was in a position to sustainably afford the repayments?
  - a) If so, did it make a fair lending decision?
  - b) If not, what would reasonable and proportionate checks have shown?
2. Did Moneybarn treat Mr P unfairly or unreasonably in some other way?

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

Mr P declared an income of £1,800 and this was verified by Moneybarn. Overall, I see no reason why Moneybarn ought to have questioned Mr P's declared income any further.

Moneybarn have explained it completed a full credit search with a credit reference agency (CRA). It has not retained a copy of the check, but it has been able to provide a summary of the information it saw at the time. This showed it understood Mr P had a total active credit balance of £722. He had three defaulted accounts, the most recent of which had been recorded 21 months prior to the lending. He had contributed and reduced his overall default balance. It also seemed all accounts were up to date. Mr P has provided a copy of his credit file, and I've compared this with Moneybarn's summary. Overall, it doesn't seem Moneybarn's checks likely revealed any indicators that Mr P was struggling to manage his credit commitments at that time. Whilst he had previously defaulted, it did seem his circumstances had improved.

Moneybarn also considered Mr P's other non-discretionary expenditure. Mr P had declared he was living at home and Moneybarn understood his expenditure was low with no housing costs. It used data from his application and information from the Office of National Statistics (ONS) to calculate his expected expenditure. This included expenditure for things like living costs, utilities and vehicle costs. It estimated Mr P would have a disposable income of around £755 after the repayments and committed expenditure.

Overall, I'm satisfied the checks here were reasonable and proportionate. Mr P didn't seem overindebted and Moneybarn could expect his expenditure to be relatively low based on what he had declared. It went on to use ONS data to estimate his spend. Whilst this was a significant amount of credit, as Moneybarn could reasonably expect Mr P's essential expenditure to be low in the circumstances, I think the checks carried out were reasonable and proportionate here.

However, I must now consider whether Moneybarn made a fair lending decision. Looking at its affordability assessment, I am satisfied it reasonably accounted for Mr P's likely expenditure and determined he was likely to have sufficient disposable income to sustainably afford the repayments. It also included a buffer in its affordability calculation. Therefore, I'm satisfied it made a fair lending decision as the agreement seemed affordable for Mr P.

I have considered Mr P's income and the size of the agreement. I want to be clear I think Moneybarn's checks were reasonable and proportionate. But for completeness, I have thought about what Moneybarn might have found out had it asked Mr P for more information about his essential spend. To do this, I've considered bank statements from the three-month period leading up to the agreement to see what information it might have obtained. I'd reiterate that I don't think Moneybarn needed to go as far as to obtain the bank statements. In doing so, even if I had concluded Moneybarn ought to have asked some further questions. It wouldn't change the outcome here. This is because I think it's unlikely it would have obtained information which demonstrated Mr P's essential spend to be such that it would have made the lending unaffordable.

Overall, I'm not upholding this complaint. I think Moneybarn completed reasonable and proportionate checks, and the lending decision was a fair one based on the information it obtained.

I've also thought about whether Moneybarn treated Mr P unfairly in some other way. I can see Mr P got into difficulty with the account and I can see from the contact notes that Moneybarn reasonably contacted him about this. Moneybarn also provided him with his exit options, and the agreement was terminated in July 2024. So, it doesn't seem it ought to have done anything further here.

Additionally, I've 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 Moneybarn lent irresponsibly to Mr P or otherwise treated him unfairly in relation to this matter. I haven't seen anything to suggest Section 140A would, given the facts of this complaint, lead to a different outcome here.

### **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 Mr P to accept or reject my decision before 5 January 2026.

Laura Dean  
**Ombudsman**