

## **Complaint**

Mr W complains that Moneybarn No.1 Limited (trading as “Moneybarn”) unfairly entered into a conditional sale agreement with him. He’s said that the proper checks weren’t carried out and he was provided with finance that was unaffordable.

## **Background**

In January 2021, Moneybarn provided Mr W with finance for a used car. The purchase price of the vehicle was £9,686.00. Mr W didn’t pay a deposit and entered into a 60-month conditional sale agreement with Moneybarn for the entire amount of the purchase.

The loan had interest, fees and total charges of £5,594.41 and the total amount to be repaid of £15,280.41 was due to be repaid in 59 monthly instalments of £258.99.

In September 2024, Mr W complained to Moneybarn saying that it shouldn’t have entered into this conditional sale agreement with him. He said that Moneybarn ought to have realised that the monthly payments were unaffordable for him. Moneybarn didn’t uphold Mr W’s complaint. Mr W remained dissatisfied at matters and referred his complaint to our service.

Mr W’s complaint was considered by one of our investigators. She reached the conclusion that Moneybarn hadn’t done anything wrong or treated Mr W unfairly. So she didn’t recommend that Mr W’s complaint should be upheld.

Mr W disagreed with our investigator and the complaint was passed to an ombudsman for a final decision.

## **My findings**

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 W’s complaint.

Having carefully thought about everything I’ve been provided with, I’m not upholding Mr W’s complaint. I’d like to explain why in a little more detail.

Moneybarn needed to make sure that it didn’t lend irresponsibly. In practice, what this means is that Moneybarn needed to carry out proportionate checks to be able to understand whether any lending was sustainable for Mr W 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 says it agreed to this application after Mr W provided details of his monthly income, which it cross checked against information from credit reference agencies on the amount of funds going into his main bank account and some information on his expenditure. It says it also carried out credit searches on Mr W which showed that Mr W didn't have any significant adverse information such as defaulted accounts or county court judgments ("CCJ") recorded against him.

Furthermore, in Moneybarn's view, when reasonable repayments to the credit commitments Mr W already had are combined with estimates of his living costs and then deducted from his income, he had enough left over to be able to make the monthly repayments to this agreement.

On the other hand, Mr W says his existing commitments meant that these payments were unaffordable and there was no way he was going to be able to maintain them.

I've thought about what Mr W and Moneybarn have said.

The first thing for me to say is that Moneybarn didn't simply accept Mr W's declarations at face value as it carried out credit checks. And given what Moneybarn saw on the credit check suggests that Mr W was managing his existing credit reasonably well and didn't have any significant adverse information recorded against him, it's arguable that it was reasonable for Moneybarn to rely on an estimate of Mr W's living costs, rather than finding out more about what they actually were. This is because there was nothing obvious which suggested that Mr W fell outside the profile of the average borrower.

In any event, I've also looked at the information Mr W has provided. And it does not appear to show that the estimates Moneybarn used were wildly out of kilter with his actual position, or that using Mr W's actual regular living expenses would have shown that he did not have the funds to sustainably make the repayments due under this agreement. So the available evidence suggests to me that Moneybarn is unlikely to have a different decision on lending, even if it had carried out further checks in this instance.

I note that Mr W has now carried out a line-by-line analysis of his bank statements and in his view he didn't have enough to make his monthly payments to this agreement, as his income was lower than what Moneybarn believed it to be. I've thought about what Mr W has said. However, Moneybarn cross checked Mr W's declaration of income and this suggested that it was reasonable for Moneybarn to rely on it.

Furthermore, I'm also mindful that Mr W's most recent submissions are being made in support of a claim for compensation and any explanations Mr W would have provided at the time are more likely to have been with a view to persuading Moneybarn to lend, rather than highlighting any unaffordability. I think this is important because Mr W also signed a document which explained his proposed finance agreement. In this document, he confirmed that he had a monthly income of £2,800.00.

So while I've noted what Mr W has said about his income, I think that Moneybarn was entitled to rely on the information that it did. This is particularly as Moneybarn wasn't required to request bank statements from Mr W in the first place and this is this what he's now basing his arguments on. As the information Moneybarn gathered indicated that the monthly payments were affordable, I'm satisfied that it was reasonable for it to lend.

In reaching my conclusions, I've also considered whether the lending relationship between Moneybarn and Mr W might have been unfair to Mr W under section 140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I don't think Moneybarn irresponsibly lent to Mr W or otherwise treated him unfairly in relation to this matter. And I haven't seen anything to suggest that section 140A CCA or anything else would, given the facts of this complaint, lead to a different outcome here.

Overall and having carefully considered everything, while I don't think that Moneybarn's checks before entering into this conditional sale agreement with Mr W did go far enough, I'm satisfied that carrying out reasonable and proportionate checks won't have stopped Moneybarn from providing these funds, or entering into this agreement with Mr W.

I'm therefore satisfied that Moneybarn didn't act unfairly or unreasonably towards Mr W when it agreed to provide the funds. I appreciate that this will be very disappointing for Mr W. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

### **My final decision**

My final decision is that I'm not upholding Mr W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 4 August 2025.

Jeshen Narayanan  
**Ombudsman**