

The complaint

Mr S complains that Secure Trust Bank Public Limited Company trading as Moneyway lent to him irresponsibly.

What happened

Mr S took a hire purchase agreement (HP) with Moneyway to acquire a used car. It was agreed on the following terms:

Date	Cost of car	Amount of credit	Term	Monthly repayment	Total repayable
21 May 2019	£8,998	£8,798	60 months	£265.77	£16,156.20

Mr S fell into difficulty with the repayments, and the car was repossessed in July 2020 before being sold at auction. The remaining balance was later sold to a third-party debt purchaser.

On 1 October 2024, Mr S complained to Moneyway. He said the HP should not have been agreed for him as it was never affordable. If Moneyway had done proper checks it would have seen he had negative markers on his credit file, including late payments and defaults. To resolve his complaint, Mr S asked Moneyway to refund the charges and interest he'd paid and to remove any adverse information regarding the HP from his credit file.

Moneyway looked into Mr S's complaint and issued a final response letter. It explained the checks it had carried out. It stood by its view that the HP was affordable for him based on what he'd told it and that it found out itself. It didn't uphold the complaint.

Mr S was unhappy with Moneyway's response, so he referred his complaint to our service. One of our investigators looked into it. He felt the checks Moneyway had carried out were reasonable and proportionate in the circumstances. He felt it had reached a fair decision to lend to Mr S.

Mr S didn't agree with our investigators view of the complaint so, as there was no agreement, the complaint has been passed to me for a 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.

We've set out our approach to complaints about irresponsible and unaffordable lending on our website – including the key relevant rules, guidance, good industry practice and law. I've considered this approach when deciding this complaint.

Moneyway needed to carry out reasonable and proportionate checks to ensure that it didn't lend to Mr S irresponsibly. I think there are key questions I need to consider in order to decide what is fair and reasonable in the circumstances of this complaint:

- Did Moneyway carry out reasonable and proportionate checks to satisfy itself that Mr S was in a position to sustainably meet the repayments?
- If not, what would reasonable and proportionate checks have shown at the time?
- Did Moneyway make a fair lending decision?
- Did Moneyway act unfairly or unreasonably towards Mr S in some other way?

Moneyway had to carry out reasonable and proportionate checks to satisfy itself that Mr S would be able to repay the HP sustainably. It's not about it assessing the likelihood of it being repaid, but it had to consider the impact of the repayments 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 HP, the amount of the repayments and the overall circumstances of the borrower.

When he applied for the HP, Mr S told Moneyway he earned £1,890 per month and he lived alone with no dependants. Moneyway worked out his expenditure through a review of his credit file to take into account his existing credit commitments, and the use of data provided by the Office of National Statistics (ONS). It estimated his committed expenditure – including the monthly payments to this HP - as being £915 per month which left him with £975 disposable income.

The extract of the credit file that Moneyway has provided shows Mr S had one credit card. He had a generally good payment history but had recently missed or been late with one payment. He had two bank accounts, one of which had an unused overdraft limit. There was one account which had been defaulted around 2½ years before this application, which would generally be considered by lenders similar to Moneyway as being historic.

Mr S has said he doesn't think it was reasonable for Moneyway to use ONS to calculate his expenditure. However, the rules lenders must follow are set out by the industry regulator, the Financial Conduct Authority, in its Consumer Credit Sourcebook (CONC). CONC 5.2A.19G says lenders may take into account statistical data unless it knows or has reasonable cause to suspect that the customer's non-discretionary expenditure is significantly higher than that described in the data or it is unlikely to be reasonably representative of the customer's situation.

I don't think anything Mr S told Moneyway or it found itself would have made it think the data may not be a reasonable reflection of his circumstances. And the disposable income it calculated was sufficient to cover emergencies and a reasonable level of discretionary expenditure. Overall, I think the checks Moneyway carried out on Mr S's application were reasonable and proportionate given what he told it and it found out for itself. It follows that I think it reached a fair decision to lend to Mr S.

Did Moneyway act unfairly or unreasonably towards Mr S in some other way?

I've carefully read and considered everything both parties have said, especially as Mr S has told us he struggled to make payments. I've looked closely at the contact notes Moneyway has provided which shows he cancelled the direct debit in July 2019. I can see that Moneyway tried to contact him regularly from October 2019 onwards to discuss arrears but was unable to speak with him until he called in on 31 October 2019 to make a payment. I can see he paid £531.54 – two months payment. The notes say that he confirmed his other bills were up to date and that he could afford the repayments. He made payments in November and December 2019, but none after that.

The notes show that Moneyway tried to speak to Mr S regularly throughout 2020 but was unsuccessful. As we know, the car was taken back by Moneyway in July 2020. After the car

was sold at auction, Mr S called Moneyway to discuss the outstanding balance on the account. I can see that it offered to complete an income and expenditure review with him in order to reach a payment arrangement, but Mr S asked it to call back the following day. I can see Moneyway did try to call several times after that but was unable to speak with him. This led to the debt being sold in October 2020.

For the reasons I've already given, I don't think Moneyway lent irresponsibly to Mr S or otherwise treated him unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A of the Consumer Credit Act 1974 would, given the facts of this complaint, lead to a different outcome here.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 10 October 2025.

Richard Hale
Ombudsman