

The complaint

Mr M complains that Moneybarn No. 1 Limited lent to him irresponsibly.

What happened

On 18 January 2024, Mr M entered into a Conditional Sale Agreement with Moneybarn in order to acquire a used car. It was agreed on the following terms:

Cash price	Deposit paid	Amount of Credit	Term (months)	Monthly repayment	Total Payable
£12,634	£555.31	£12,078.68	60	£479.99	£28,874.72

On 29 October 2024, Mr M complained to Moneybarn. He said that *“proper checks and affordability assessments were not carried out”*. He asked why an existing car finance agreement with another lender wasn’t included in the assessment of his application.

Moneybarn looked into Mr M’s complaint and issued a final response letter. It said it had carried out a review of his credit file, verified his income and *“made reasonable considerations for [his] existing expenses”*. It was satisfied from the information provided by Mr M in his application and the checks it carried out, that the agreement had been affordable for him. It didn’t uphold his complaint.

Mr M didn’t accept Moneybarn’s response, so he referred his complaint to our service. One of our investigator’s looked into it. She said that Moneybarn hadn’t been able to provide evidence that it had verified Mr M’s income, so she didn’t feel the checks it carried out were reasonable and proportionate. But she asked Mr M for his bank statements for three months prior to the application and could see that his actual income was higher than had been declared to Moneybarn. So she felt that if it had carried out reasonable and proportionate checks Moneybarn would still have agreed to lend to Mr M. She didn’t uphold his complaint.

Mr M didn’t agree with our investigator. He said he fell into arrears straight away and the car had been repossessed within 11 months and sold for £9,000. It was unfair that he was left with a large debt having only had the car for a short time. When he applied for the finance, he had two County Court Judgements (CCJs) and was in default in his previous car finance agreement. Mr M also questioned why our investigator hadn’t considered his gambling expenditure.

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.

Moneybarn needed to carry out reasonable and proportionate checks to ensure that it didn't lend to Mr M 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 Moneybarn carry out reasonable and proportionate checks to satisfy itself that Mr M was in a position to sustainably meet the repayments?
- If not, what would reasonable and proportionate checks have shown at the time?
- Did Moneybarn make a fair lending decision?
- Did Moneybarn act unfairly or unreasonably towards Mr M in some other way?

Moneybarn had to carry out reasonable and proportionate checks to satisfy itself that Mr B would be able to repay the agreement 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 agreement, the amount of the repayments and the overall circumstances of the borrower.

When he applied for the agreement, Mr M told Moneybarn he earned £3,200 per month and gave his employment details. Our investigator said Moneybarn didn't evidence that it had verified his income, but I can see it has said his income was "*auto-verified*". In any event, if Moneybarn had sought further evidence of Mr M's income, I can see from bank statements he provided that his actual income in the few months leading up to the application, was around £750 more. So even if it had done more, Moneybarn would more likely than not have reached the same conclusion with regards to his income.

Moneybarn has provided the figures it used for his expenditure and details of what it found on his credit report. It estimated Mr M's expenditure based on statistics provided by the Office for National Statistics (ONS), added a 'buffer' and his actual credit commitments based on his credit file. This came to a total of £2,329.12, leaving him with a monthly disposable income of £870.

Moneybarn provided details of what it found on Mr M's credit file. It saw two CCJ's, the most recent of which had been registered four years before this application, and several defaulted accounts registered more than 14 months earlier. Moneybarn specialises in lending to people with impaired credit files so, given the age of the adverse information, it was content to continue with Mr M's application.

I'm satisfied that Moneybarn carried out a reasonable and proportionate check on Mr M's application for credit. While his credit file was impaired, Moneybarn was satisfied with the risk that presented and had reached a reasonable belief that he would be able to sustainably repay the money it lent him. I don't think Moneybarn had to ask any further questions or conduct further checks such as looking at his bank statements. For that reason, I wouldn't expect it to have taken into account his gambling transactions as it simply wouldn't have known about them.

I think it reached a fair decision to lend based on what Mr M told it and that it found out itself.

Did Moneybarn act unfairly or unreasonably towards Mr M in some other way?

I can see Mr M fell into difficulty immediately with the repayments. As I would expect, Moneybarn reached out to him each month (and in between) letting him know that his direct debits had failed and asking him to contact it. It sent a default notice in May 2024, and entered into a payment plan, allowing him to repay the arrears at £91.67 a month for six

months. Ultimately the car has been recovered from Mr M and sold, but has left a considerable balance outstanding which Moneybarn is looking to collect.

I think Moneybarn has treated Mr M fairly in this matter by reaching out to him and trying to offer support with payments, and explaining his options to end the agreement (which were set out in the terms and conditions of the contract he signed at the outset). I don't think Moneybarn has treated Mr M unfairly in some other way.

I would encourage Mr M to work with Moneybarn to reach a suitable repayment plan for the outstanding balance. I'd remind Moneybarn of its obligation to treat people in financial difficulty fairly.

For the reasons I've already given, I don't think Moneybarn lent irresponsibly to Mr M 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 M to accept or reject my decision before 29 September 2025.

Richard Hale
Ombudsman