

The complaint

Mr L, through his representative, complains that MONEYBARN NO.1 LIMITED trading as Moneybarn lent to him irresponsibly by approving a credit agreement for him to use to purchase a vehicle.

Mr L's representative has said that Mr L was not treated with forbearance or treated fairly by Moneybarn when he was having difficulty paying.

What happened

Mr L purchased a car using finance on 23 August 2021. The cash price of the car was £9,987. Mr L paid an advance of £151, financing the remaining £9,836 through Moneybarn. The finance was a Conditional Sale Agreement, repayable in 59 monthly repayments of around £331. The total repayable was £19,663.

Recently I have been sent a Statement of Account which shows that Mr L continues to make the repayments. His last scheduled repayment is in July 2026.

After Mr L had complained through his representative in August 2024. Moneybarn responded and then the complaint was referred to the Financial Ombudsman Service where one of our investigators considered that Moneybarn had done nothing wrong. Mr L disagreed and the unresolved complaint was passed to me to decide. Since reviewing the complaint, I asked both parties for additional information.

On 24 October 2025 I issued a provisional decision giving reasons why I considered that Moneybarn should put things right for Mr L. That is duplicated here for ease of reading.

What I provisionally decided on 24 October 2025 – 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 explained how we handle complaints about irresponsible and unaffordable lending on our website. And I've used this approach to help me decide Mr L's complaint. Moneybarn needed to make sure that it didn't lend irresponsibly. In practice, what this means is that it needed to carry out proportionate checks to be able to understand whether any lending was sustainable for Mr L 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.

Mr L declared a net monthly income of £2,750 which Moneybarn reduced to £2,200 a month after tax when it had done an independent verification. Mr L had told Moneybarn he was a self-employed person with a small business.

Moneybarn said it 'made reasonable considerations' for his expenses and it carried out a credit check. The expenditure for housing costs, council tax, and utilities Moneybarn used Office of National Statistics (ONS) which often are fairly accurate as they are based on Mr L's

address, and the details surrounding the home. These three items added up to just under £745 a month. Other basic living costs, plus vehicle costs plus the additional sum Moneybarn added in as a kind of 'margin' figure all added up to just over £391. Total outgoings were: £1,136.

The credit search had revealed that Mr L had six defaulted accounts, the most recent of which dated back to 18 months before. The credit search provided Moneybarn with the monthly cost for Mr L to keep up with his credit commitments of £273. So, it calculated that Mr L had a committed expenditure figure of just under £1,409 each month. That would have left Mr L with around £791 a month with which to pay for the vehicle.

The Moneybarn records I've been sent show me that it was aware that Mr L was using payday lenders and had home credit loans when he applied to them. Plus, the defaulted accounts outstanding balance was £3,400 and did not appear to be ones Mr L was paying down. So, although Moneybarn had researched and had got that information, the full picture is of a person not paying down older debts, not managing without home credit and payday loans and with a business where the regularity of his income likely was uncertain. I expand on this last point later in the decision.

Mr L's representative has submitted this:

For the three months prior to entering into the finance agreement with Moneybarn No. 1 Limited, his average income was £1956.83. His average committed expenditure at the time was £1565.84 which includes groceries, bills, direct debits, utility bills etc

So, it has said that there ought to have been more thorough checks and less reliance on ONS data.

I have concerns as to the income, and the source of that income considering the finance agreement Moneybarn was offering was scheduled to be for five years. And I say this because Moneybarn knew that Mr L was self-employed in a business which I do not name here but both parties know to what I refer. So, I do think more should have been done to look into that business and Mr L's income. When I asked Mr L for more information about that new business, so that I could check what Moneybarn would have discovered it had asked for more details surrounding his income stream, he explained that he had no formal accounts for it. He said he used his current account (copies of which have been provided to me) for the running of the business.

I have received the open banking report sent to Moneybarn by Mr L's representative after he had complained, and I asked Mr L to see copies of his bank account statements. Mr L has confirmed that he had two accounts: the current account I have reviewed carefully, plus the saver account which had £0 in it from May 2021.

Looking at all of the details I have, what I can see was Mr L's income was what I expected to see from a business such as this. Mr L received small amounts of money from what may have been regular customers. He spent money on rent and bills. He was transferring money in from his savings account when that had money in it up until May 2021 (I've got copies of that account as well). He was nearly always in his overdraft. And I hope Mr L does not mind me saying this, but this business did not look particularly profitable and looked to be one that relied on a series of customers who paid small sums.

The excel spreadsheet Mr L's representative has sent to me which analyses his income and outgoings for the period leading up to the car purchase in August 2021, looks about right. The average expenditure figure it has supplied to us was about £1,500 a month (including payments to his existing credit accounts from that current account). And when I use the calculations Moneybarn did as well, it had calculated his total outgoings were about £1,409 a month. I consider that these figures - £1,500 and £1,409 - are close and they were about right.

Looking at the bank account, I can see that Mr L had a charge for an unpaid transaction in August 2021, and there's evidence of about £175 for the period 18 July to 18 August 2021 spent on betting and gambling. It's not a large amount but Mr L did not earn a great deal in my view.

I think that a vehicle (which I can see from the agreement details was a sports car and therefore was not likely being purchased for the business) was too expensive for him to manage at £331 a month for five years. This is an example where the likelihood of Mr L being able sustainably to repay the finance instalments was low.

I am deciding on the particular circumstances surrounding Mr L's income source and that I think Moneybarn ought to have obtained more details for a self-employed person in that very cash based line of business with little security surrounding it before approving a five year finance agreement with him. I plan to uphold the complaint about irresponsible lending.

Treating Mr L fairly and forbearance

The first time that Mr L's payment was referred to the bank as unpaid was 26 April 2022. Moneybarn's representatives tried to get hold of Mr L by email, text, and telephone and failed to get a response. A Notice of Sums in Arrears (NOSIA) was sent to Mr L on 26 July 2022. Several months of chase up emails were sent and Mr L altered his Direct Debit date several times.

A Notice of Default (NOD) was issued in July 2023 giving Mr L until 3 August 2023 to repay the arrears of £1,304. He'd already paid £6,122. On 24 July 2023 Mr L did speak to a Moneybarn representative and an Income and Expenditure (I&E) form was sent to him to complete. A repayment plan of £65 a month was set up.

In April 2024 Mr L requested information about his arrears and asked for a breathing space on the repayments. In April 2024, the Tax on the car was due plus the MOT expired mid-April 2024.

In September 2024 Mr L informed Moneybarn that he was having mental health issues which was noted on his file. By February 2025 Mr L had repaid £12,731. He said he no longer wanted the finance and asked about an early settlement figure.

I received a more up to date set of account notes and a new SOA recently. And they show me that the repayment plan did not last long and Mr L seems to have repaid around £15,000 to date. Yet, the arrears have continued and Mr L received a NOSIA as recently as 29 September 2025.

Overall, I've seen no evidence of unfair treatment. I don't uphold this part of Mr L's complaint.

This is the end of the duplicated provisional decision. Since then, Mr L has replied to accept the outcome. Moneybarn has not responded.

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.

As Mr L has accepted the outcome, and as I've received nothing further from Moneybarn, I've no reason to change my reasoning or the outcome set out in the provisional decision. And so, for the same reasons, I uphold the complaint on the irresponsible lending but not in relation to Mr L's alleged poor treatment.

Putting things right

I've received a SOA dated 10 October 2025. Mr L has been paying by Direct Debit.

Mr L made use of the credit facility Moneybarn provided, and he purchased a car with this. So, it's fair that he pays the car price. However, as Moneybarn shouldn't have approved his loan application I don't think it's fair that he should pay any interest and charges. So Moneybarn should refund these, with interest.

As it's a conditional sale agreement with no balloon payment and it looks like Mr L has already paid up to and over the cash price of the car, I direct that Moneybarn does as follows:

- end the finance agreement ensuring Mr L is not liable for monthly rentals after this (it should refund them any overpayment for these if applicable);
- refund anything Mr L paid above the cash price of the car which was £9,987;
- apply 8% simple yearly interest on the refund, calculated from the date Mr L made the overpayments to the date of the refund†; and
- remove all adverse entries relating to this agreement from Mr L's credit file.

†HM Revenue & Customs usually requires Moneybarn to take off tax from this interest. It must give Mr L a certificate showing how much tax it has taken off if he asks for one.

I've considered whether the relationship between Mr L and Moneybarn might have been unfair under section 140A of the Consumer Credit Act 1974. However, I'm satisfied the redress I have directed should be carried out for Mr L results in fair compensation for him in the circumstances of his complaint. I'm satisfied, based on what I've seen, that no additional award would be appropriate in this case.

My final decision

My final decision is that I uphold his complaint in part. I direct that MONEYBARN NO.1 LIMITED trading as Moneybarn does as I have outlined above in the 'putting things right' part of the decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 5 December 2025.

Rachael Williams
Ombudsman