

## **The complaint**

Miss T complains that Moneybarn No. 1 Ltd unfairly entered into a conditional sale agreement with her.

Miss T is supported in bringing this matter by a representative. But, for ease, I'll refer to actions and submissions as being those of Miss T herself.

## **What happened**

Miss T was provided with finance for a car in January 2020, with a term of 60 months. The cash price of the car was £9,800 and the amount of credit provided was £9,700. The interest charges were £7,861.94 and the total amount payable was £17,661.94. Miss T paid a deposit of £100 and was required to make 59 monthly payments of £297.66.

In summary, Miss T says sufficient checks weren't carried out before lending, which resulted in her experiencing financial hardship and the relationship being unfair. Miss T said she was gambling regularly, borrowing funds, and making large payments to credit card providers.

Moneybarn reviewed matters and said it was satisfied that it assessed matters fairly and the amount offered was affordable for Miss T. Miss T remained unhappy and brought her complaint to this service.

An Investigator here reviewed matters but didn't recommend the complaint be upheld. In summary, she thought Moneybarn should have carried out more thorough checks however this would have revealed that the lending was likely to be affordable.

Miss T disagreed with the assessment and provided an income and expenditure assessment which showed negative disposable income in the months leading up to the lending decision. Our Investigator's view remained unchanged; she explained that she had considered essential expenditure only, whereas Miss T's income and expenditure assessment appeared to consider all expenditure.

Overall, an agreement hasn't been reached. So, 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.

The rules and regulations in place at the time Moneybarn entered into the agreement with Miss T required it to carry out a reasonable and proportionate assessment of whether she could afford to repay what she owed in a sustainable manner. This is sometimes referred to as an 'affordability assessment' or 'affordability check'.

The checks had to be 'borrower' focused. This means Moneybarn had to think about whether repaying the credit sustainably would cause difficulties or adverse consequences for

Miss T. In other words, it wasn't enough for Moneybarn to consider the likelihood of it getting the funds back – it had to consider the impact of any repayments on Miss T.

Checks also had to be 'proportionate' to the specific circumstances of the lending. In general, what constitutes a proportionate affordability check will be dependent on a number of factors including – but not limited to – the particular circumstances of the consumer (e.g. their financial history, current situation and outlook, any indications of vulnerability or financial difficulty) and the amount/type/cost of credit they were seeking. I've kept all of this in mind when thinking about whether Moneybarn did what it needed to before lending to Miss T.

Miss T declared that she had a net monthly income of £1,200. Moneybarn says it verified this information using an external source. It also used external sources to understand more about Miss T's monthly non-discretionary expenditure and her credit commitments and recorded that she had around £673 disposable income each month.

Moneybarn also completed a credit check which showed that Miss T had around £1,265 in external debt, which was all revolving debt. There was some adverse data visible, including a County Court Judgment which, as I understand it, was added over five years prior; defaults, the most recent of which was added 10 months before; and some issues with utilities.

I'm conscious Moneybarn did have an understanding of Miss T's income, and it completed a credit check showing her outstanding debt – I've taken this information into account when thinking about whether the lending was likely to have been affordable. However, considering the adverse information visible on the credit check, I think Moneybarn ought to have found out more about Miss T's actual committed non-discretionary living expenses, rather than essentially relying on estimates, before providing her with the lending.

I've reviewed the information Miss T has provided us with to understand what these further checks were likely to have shown. That being said, it's important to explain that Moneybarn didn't have to review Miss T's bank statements, or indeed her transaction history via open banking which she's provided to this service; it could have found out about her committed non-discretionary living expenses in a variety of ways. However, I've reviewed the information Miss T has provided to piece together what further checks would have likely revealed.

Having done so, I think further checks into Miss T's committed non-discretionary living expenditure would have revealed that Miss T likely had sufficient funds to sustainably make the monthly payments to the agreement. So, I don't think Moneybarn acted unfairly by approving the finance for Miss T.

I appreciate Miss T has provided her own assessment of her circumstances in the months leading up to the lending decision. I've thought carefully about this. However, here, Moneybarn already took steps to understand more about some of Miss T's actual circumstances– such as her income. It also gathered information about Miss T's external debt balances, which I've factored into an assessment of whether the lending was affordable. The information Moneybarn appeared to estimate was in relation to her living expenses, and so this is what I think it ought to have understood more about. If it had done so, considering the information that it likely would have gathered from Miss T, I'm persuaded that it would have found that Miss T likely had sufficient funds to sustainably make the monthly payments towards the agreement.

I appreciate Miss T says that she was gambling around the time of the lending decision and borrowing from others. However, as outlined above, I don't think Moneybarn needed to

review her bank statements or open banking data to understand more about her committed non-discretionary living expenses; it could have done this in a variety of ways. So, I'm not persuaded that this would have likely revealed itself in proportionate checks had they been carried out; this isn't a failing on the part of Moneybarn.

Miss T also said she was making large payments to credit card providers. However, Moneybarn already recorded how much external debt Miss T had at the time. And, in any case, I've already found that it ought to have asked further questions before lending, which I think would have revealed the lending was likely to be affordable for her.

I'm conscious Miss T says she felt pressured into accepting the finance. However, I think it's likely Miss T applied for the finance because she wanted the car at the time. Having reviewed the information before me, I've not been provided with enough to persuade me that Moneybarn pressured Miss T into purchasing a car she didn't want, or indeed entering an agreement that she didn't want.

Therefore, overall, whilst I think Moneybarn's checks ought to have gone further here, I'm not persuaded that further checks would have prevented Moneybarn from entering into the agreement with Miss T, or providing her with the funds for the car.

Finally, I've also 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 Miss T or otherwise treated her unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A 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 Miss T to accept or reject my decision before 24 October 2025.

Hana Yousef  
**Ombudsman**