

## **The complaint**

Mr S, through his representative, complains that MONEYBARN NO.1 LIMITED trading as Moneybarn approved a vehicle finance agreement irresponsibly as he could not afford to repay it.

## **What happened**

On 4 September 2020, Mr S applied to Moneybarn to help him buy a vehicle. The cash price of the car was £4,663 and he paid a deposit of £400 so £4,263 was financed. That deposit mainly was made up by a part exchange allowance for a vehicle Mr S already had. The finance was a Conditional Sale Agreement, repayable in 59 monthly repayments of around £167. The total repayable was just under £10,279. The APR was 48.9%.

Mr S got into arrears and a default was applied in May 2024. But Mr S made the required payments and still has the car. The last scheduled repayment was August 2025 and so it's feasible this car has been paid off now.

After Mr S had complained in December 2024 and received a response from Moneybarn, the complaint was referred to the Financial Ombudsman where one of our investigators did not consider Moneybarn needed to put things right. The unresolved complaint 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.

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 S' complaint. I am not being asked, or expected, to stand in the shoes of the Moneybarn's assessors when the agreement was approved and act as a lender: I am resolving a complaint about whether the approach taken by it was reasonable and proportionate at the time.

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 S before providing it. 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 – suggesting the lender needed to know more about a prospective borrower's ability to repay.

I have reverted to the specific wording and detail in the FCA Consumer Credit Sourcebook (CONC) Chapter 5 on responsible lending to assist me in relation to Mr S' complaint. I do not set out the FCA wording here as Mr S' representative is likely familiar with that CONC chapter and I refer them to it for the detail.

Placing these sorts of credit agreements within the context of the circumstances surrounding Mr S' application would include, in my view, the fact that Mr S wanted this car, and he applied for the finance freely. Mr S was already running a vehicle when he approached

Moneybarn for the finance and he'd have been familiar with the costs of running one. I've seen from documents provided Mr S was buying a younger model with less mileage.

Moneybarn obtained two copy payslips from Mr S and I've seen them dated 25 July 2020 and 25 August 2020. His basic pay after tax was £1,228 and £1,395, respectively. The August 2020 one had a note to indicate he had been furloughed and these dates coincide with the Covid 19 pandemic lockdown period.

A credit search was carried out. His current total debt was low at around £784 so his expected monthly repayments to that was around £27 a month. Moneybarn was aware of his older and less positive credit history including defaulted accounts and a County Court Judgment (CCJ).

I've read Mr S' submissions. The issue to be resolved relates to whether the poor credit history Mr S already had when he approached Moneybarn in 2020 ought to have precipitated further checks before lending. Both the research Moneybarn did plus the submissions from Mr S demonstrate that he had experienced a difficult financial time in February to April 2019 and again in mid-2019 – which included defaulted accounts and a CCJ seventeen months before.

But there appeared not to be any recent delinquent or defaulted accounts as the most recent adverse entry was 13 months before Mr S applied. Moneybarn is a lender who does not necessarily refuse finance due to historic adverse credit data. So, I don't consider that this necessarily would have led Moneybarn to do further checks. But it may explain the reason that the APR on Mr S' agreement was as high as it was: it reflected his poor credit history.

Mr S' representative is incorrect when lenders are duty bound to undertake a '*thorough*' financial assessment. The regulatory requirement is '*proportionate*'. And that means looking at the whole picture presented after using all the information to hand.

Part of the picture, and highly relevant, was that Mr S lived at home with parents, was on furlough and due to his domestic circumstances was unlikely either to have been paying full market rent to his parents, nor was he likely to be at risk of not being able to pay priority bills as his representative has suggested.

I consider that Moneybarn carried out proportionate checks and factored in Mr S' committed outgoings (including the repayments to the old and new credit). It did add in other more general expenditure costs for council tax and utility bills, but as it knew Mr S was living at home, this would have been Moneybarn taking a cautious approach when it carried out its Income and Expenditure (I&E) assessment.

I don't consider that Moneybarn needed to carry out more detailed checks rather than use the ONS data for his general expenditure. And if it had needed to ask Mr S for more details about his household bills, and expenses, then Mr S would have reconfirmed he did not pay any. And I can say that with confidence as Mr S has demonstrated to me through his own submitted evidence that he hardly paid anything towards any household living costs. Or if he did, as I've said earlier in this decision, then those costs would not likely have been higher than the sums Moneybarn had already factored in using ONS data.

There's nothing to indicate that Moneybarn knew or ought reasonably to have been aware of the 'spin' transactions Mr S was doing for entertainment during lockdown and while furloughed at home. Mr S' representatives are assuming that Moneybarn would have seen his bank account transactions, but I don't consider that they would have: doing so would've been disproportionate in the circumstances of this application.

And even if Moneybarn had reviewed Mr S' bank account statements – and they were the same ones as sent to us by his representative - then it reflects the picture I've described above: Mr S had virtually no outgoings and was earning money as demonstrated by his payslip. He wanted to replace his car and did so using the Moneybarn finance.

I do not uphold the complaint.

I've also considered whether Moneybarn acted unfairly or unreasonably in any other way and I have considered whether the relationship might have been unfair under section 140A of the Consumer Credit Act 1974.

I've read the Moneybarn account notes and in June 2021 Mr S changed jobs. So, with the change he was around £600 down on the usual salary level. A repayment plan of around £28 a month on top of his usual repayments was set up to cover off the arrears of the recently missed repayments. In 2024 arrears developed. The notes show that contact with Mr S was attempted many times and it was successfully achieved sometimes. Overall, I've seen nothing to suggest that Moneybarn treated Mr S unfairly.

For the reasons I've already given, I don't think it 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 would, given the facts of this complaint, lead to a different outcome here.

### **My final decision**

My final decision is I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 24 November 2025.

Rachael Williams  
**Ombudsman**