

The complaint

Mr J, who is represented by a third party, complains that Moneybarn No.1 Limited ("Moneybarn") irresponsibly granted him a conditional sale agreement he couldn't afford to repay.

What happened

In August 2016, Mr J acquired a used car financed by a conditional sale agreement from Moneybarn. Mr J paid a deposit of £500, after which he was required to make 43 monthly repayments of £297.93. The total repayable under the agreement was £13,310.99.

Mr J finished paying the agreement in May 2020. The statement of account suggests he was able to meet all but one of his scheduled monthly payments.

Mr J says that Moneybarn didn't complete adequate affordability checks. He says if it had, it would have seen the agreement wasn't affordable. Moneybarn didn't agree. It said that it carried out sufficient checks before offering Mr J the finance. These included checking his income, carrying out checks with a credit reference agency and using statistical data to estimate Mr J's likely committed expenditure each month.

Our investigator didn't recommend the complaint be upheld. Whilst she thought Mr J's recent credit history ought to have prompted Moneybarn to carry out better checks during the application process, ultimately Moneybarn hadn't acted unfairly or unreasonably by approving the finance.

Since Mr J and those representing him don't agree, his 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 explained how we handle complaints about unaffordable and irresponsible lending on our website. And I've used this approach to help me decide Mr J's complaint.

I've seen that Moneybarn required certain pieces of information before approving the finance. I haven't seen a copy of Mr J's application or the actual credit check that Moneybarn says it carried out – but I have seen a summary of what it found. That summary doesn't tell me what Moneybarn allowed for in terms of Mr J's monthly spending. I can, though, see that Moneybarn said Mr J was earning around £2,000 a month in net income. Moneybarn says it verified Mr J's income from looking at his bank statements.

In terms of the credit check Moneybarn ran, I can see Mr J owed around £2,400 in existing credit. He'd also recently had an issue with one particular item of credit on which he had

arrears.

Given the issues with Mr J's credit, plus not being able to see what Moneybarn allowed for Mr J's monthly spending, I don't think Moneybarn saw enough to be assured of Mr J's ability to meet his repayment obligations under the agreement. So I can't say that its checks were sufficiently borrower-focused to show what his regular committed expenditure and other monthly living expenses actually were.

I've also kept in mind that Mr J was taking on a significant financial commitment. I therefore think it would have been proportionate for Moneybarn to have got a more thorough understanding of Mr J's financial circumstances before lending.

I can't be certain what Mr J would have told Moneybarn had it asked about his regular expenditure. I don't think Moneybarn was necessarily required to request bank statements, but it's one way to get a better idea of Mr J's wider financial situation at the time. Mr J has sent us bank statements from the lead-up to when the agreement was finalised. That helps me to get a general understanding of what Moneybarn would have seen had it carried out better checks than it did. That's not to say that I'd necessarily expect Moneybarn to carry out a forensic level of checking. What it needed to establish was that the repayments were likely to be affordable and something that Mr J would be able to repay on a sustainable basis going forwards.

The statements show that Mr J's income was broadly consistent with what he told Moneybarn when he applied. Mr J has also told us that his wife was working, although I don't have details of her income. But I think it's reasonable to allow for some additional income coming into the household so that Mr J wasn't wholly responsible for all the committed household outgoings.

Like our investigator, I can see that Mr J was paying each month for a number of items of household spending, including rent, council tax and utility payments such as electricity, gas, internet, TV licence and mobile phone costs. This worked out at around £726 per month. With credit payments of around £420 per month added on, he was having to find around £1,150. With petrol and food added on he was likely to need around £1,450. That means he'd have around £450 left each month by way of disposable income. So it's likely he could afford the new monthly repayment of £297 and still have a reasonable amount left over as disposable income.

Also, from what I've seen, I don't consider there to be any significant evidence of Mr J's financial situation worsening – such as I might have expected were he to be bearing sole responsibility for household outgoings. I think there's enough to suggest to Moneybarn – had it checked - that there was sufficient flexibility available to Mr J for him to be able to fund the new monthly repayments affordably and, going forwards, on a sustainable basis.

I've seen that those representing Mr J have said cash payments to his wife and a relative overseas should be factored in, along with cash withdrawals and money sent to savings. I tend to agree with our investigator that these aren't things we'd expect to treat in the same way as monthly committed spending. Mr J has told us he needed the car for work and so once he'd been approved for the loan, Mr J and his wife may well have had to cut back with spending on non-essential items. But that doesn't mean that Moneybarn ought not to have approved the finance, given what I've seen about Mr J's financial situation.

It follows that I agree that Mr J was likely to have been able to fund the monthly repayments that would be due under the agreement. So, I don't consider that Moneybarn granting him the finance would have been unfair.

I'm sorry to have to disappoint Mr J on this occasion.

I've considered whether the relationship between Mr J and Moneybarn 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 Mr J or otherwise treated him unfairly. I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

My final decision

For the reasons I've given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 16 December 2025.

Michael Goldberg
Ombudsman