

The complaint

Mr M complains that MONEYBARN NO.1 LIMITED trading as Moneybarn lent irresponsibly when they provided him with a conditional sale agreement for the purchase of a car.

What happened

Mr M applied for a conditional sale agreement with Moneybarn to purchase a motor vehicle. His application was approved, and the credit agreement was put in place in October 2019.

In late 2024, Mr M complained. In summary, he said MoneyBarn had irresponsibly lent to him and that sufficient checks – to ensure his affordability status – hadn't been undertaken.

Moneybarn didn't uphold the complaint. They said, in summary, that they had carried out checks proportionate to the amount being lent; those checks hadn't revealed any concerns, and on that basis, the credit had been provided. So, they were satisfied they had lent responsibly.

Mr M disagreed; he still thought Moneybarn were wrong to have lent to him, so he referred his complaint to this Service for independent review.

An Investigator here considered what had happened; having done so, she didn't think Moneybarn had done anything wrong. In short, the Investigator said:

- The checks carried out by Moneybarn were proportionate in the circumstances.
- The information gathered as a result of those checks wouldn't have given Moneybarn any cause for concern. And there was nothing that would have suggested to Moneybarn that Mr M was struggling financially, and/or wouldn't be able to afford the repayments towards the agreement.
- Any financial struggles, which did materialise for Mr M later, wouldn't have been apparent to Moneybarn at the time they provided Mr M with the credit.
- Overall, with that in mind, Moneybarn hadn't acted unfairly or unreasonably in providing Mr M with the conditional sale agreement.

Mr M disagreed; he maintained he'd been irresponsibly lent to and said that Moneybarn had failed to carry out proportionate checks.

So, as no agreement has been reached by the parties, Mr M's complaint has now 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.

Having done so, while this will no doubt disappoint Mr M, I agree with the findings of our Investigator and for broadly the same reasons. I'll explain why.

The rules and regulations in place at the time Mr M was provided with the credit, required Moneybarn to carry out a reasonable and proportionate assessment. That's to determine whether he could afford to repay what he owed in a sustainable manner. This practice is sometimes referred to as an 'affordability assessment' or 'affordability check'.

The checks had to be borrower focussed; that is, relevant to Mr M. So, Moneybarn had to think about whether repaying the credit sustainably would cause him difficulties, or other adverse consequences. In other words, Moneybarn had to consider the impact of any repayments on Mr M.

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 they needed to before agreeing to lend to Mr M.

Here, before agreeing to lend, Moneybarn checked data recorded with Credit Reference Agencies ("CRAs"); and they relied upon information provided by Mr M at the time of his application. I've been provided with the results of Moneybarn's checks and, in my view, the data they gathered didn't suggest that there was any real cause for concern.

Rather, information obtained from CRAs didn't show any recent defaults or County Court Judgments ("CCJs"), nor was Mr M subject to an Individual Voluntary Arrangement ("IVA"). And while there was some historic adverse information showing, the most recent default Mr M had recorded against his name, was from more than five years prior.

Moneybarn recorded Mr M's monthly income at a little over £2,000 based on his declaration, which they then validated using credit reference agency data. And, from the credit check they completed to confirm Mr M's monthly credit commitments; along with data they obtained from the 'Office of National Statistics' (ONS) to estimate his monthly outgoings - for costs such as housing, council tax, utilities and other living costs - they determined his total monthly expenditure to be in the region of £1,300 a month.

Having looked at the above figures and the data Moneybarn relied upon, when deducting Mr M's outstanding credit commitments from the verified monthly income, Mr M would have still been left with in the region of £700 in disposable income each month, which could be used to repay this credit facility. And given Mr M showed no sign of having any recent repayment difficulties on existing credit commitments, I don't think, based on the information Moneybarn saw, that their checks needed to go further.

Given the amount, and purpose of the borrowing, as well as being satisfied that Moneybarn carried out proportionate checks, I think it was reasonable for Moneybarn, based on the results of those checks, to conclude that the credit in question would have been affordable for Mr M. And I've seen nothing to suggest to Moneybarn, that Mr M wasn't in a position to be able to repay this credit sustainably.

So, while I am sorry to disappoint Mr M; I know this won't be the outcome that he's hoping for, it's for the reasons I've explained that I don't think Moneybarn acted unfairly or

unreasonably when they provided him with this credit. Therefore, I won't be asking them to do anything further.

Finally, I've also considered whether the relationship might have been unfair under Section 140A (S140A) of the Consumer Credit Act 1974. However, 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 S140A would, given the facts of this complaint, lead to a different outcome here.

My final decision

My final decision is that I do not uphold Mr M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 30 December 2025.

Brad McIlquham
Ombudsman