

The complaint

Ms W is complaining about Moneybarn No.1 Limited. She says they shouldn't have lent to her as the loan was unaffordable. A representative has raised the complaint on Ms W's behalf but for ease I've written as if we've dealt directly with Ms W.

What happened

In March 2016, Ms W took out a conditional sale agreement with Moneybarn to finance the purchase of a car. She paid no deposit and borrowed £5,064 - the cash price of the vehicle. The agreement required Ms W to make 59 monthly repayments of around £179. Ms W made all her payments on time and settled the agreement early in October 2020.

In May 2024, Ms W complained to Moneybarn, saying they'd been irresponsible in lending to her. She said her credit history showed that she was struggling to meet existing credit commitments at the time Moneybarn lent to her. She wanted them to refund all interest and charges.

In response to Ms W's complaint, Moneybarn said they'd checked her income against her payslips and done a full credit search with one of the credit reference agencies (CRAs). They said this showed Ms W had a County Court Judgment (CCJ) and some defaults, both applied around 35 months prior. They also said it showed Ms W's existing borrowing levels appeared affordable.

Ms W wasn't happy with Moneybarn's response so brought her complaint to our service and, having obtained consent from Moneybarn, one of our investigators looked into it. His view was that Moneybarn hadn't done enough checks – but we didn't have enough information to say they should have realised the agreement would be unaffordable. So, our investigator didn't uphold the complaint.

Ms W rejected our investigator's view, saying that the various ongoing debts she had at the time of her application to Moneybarn should have been enough for them to look into whether she could really afford the vehicle. She said she was already borrowing from family to help cover her debts prior to taking out this finance, and this only worsened after entering into the agreement with Moneybarn. She said the specific details she'd given, together with the credit report Moneybarn had obtained, demonstrated that they shouldn't have lent to her.

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, and acknowledging it'll be disappointing for Ms W, I'm not upholding her complaint for broadly the same reasons as our investigator - I'll explain more below.

The Financial Conduct Authority (FCA) sets out in a part of its handbook known as CONC what lenders must do when deciding whether or not to lend to a consumer. In summary, a firm must consider a customer's ability to make repayments under the agreement without having to borrow further to meet repayments or default on other obligations, and without the repayments having a significant adverse impact on the customer's financial situation.

CONC says a firm must carry out checks which are proportionate to the individual circumstances of each case.

Did Moneybarn carry out proportionate checks?

Moneybarn said they carried out the following checks:

- reviewed Ms W's credit file; and
- verified her monthly income using payslips, determining it as around £1,209.

They also said Ms W had told them on her application that she was living with her parents.

Whether or not these checks were proportionate depends on various factors, including the size and length of the loan, the cost of credit, and what Moneybarn found. This agreement required Ms W to pay Moneybarn over £10,000, over a period of five years, so my starting point is that the checks should have been thorough.

In addition, the information contained in Ms W's credit report suggests she'd had significant difficulties with her debts around three years prior to their lending decision and hadn't satisfied either the CCJ or the defaults. This, together with the size of the loan, means it wasn't enough for Moneybarn to rely purely on the income check and credit file check. Reasonable and proportionate checks would have meant finding out more about Ms W's financial circumstances to see if the repayments would be affordable for her.

Concluding that Moneybarn should have done more checks isn't enough for me to uphold Ms W's complaint – I also have to consider whether Moneybarn could have fairly lent to Ms W if they had done proportionate checks.

What would Moneybarn have found if they had done proportionate checks?

Ms W hasn't sent us any bank statements or other third-party documentation about her financial circumstances at the time of her application. And whilst Moneybarn have sent their own summary of Ms W's credit file, they don't have the full document. So I have very limited information to help me decide whether Moneybarn could have fairly lent to Ms W if they had done proportionate checks. The information I do have shows that Ms W's income was around £1,200 per month, she'd told Moneybarn she was living with her parents, she had no active debt and therefore no current credit commitments, but she owed around £5,000 across her defaulted accounts and CCJs. I'm not satisfied that's enough to say Moneybarn shouldn't have lent to Ms W.

Ms W says she needed a car as it was essential for her to get to work. She said she had no money to spare, and her credit had become really poor due to her separation from her husband in 2014. She said she had to borrow from her mother occasionally before getting the car just to manage her new rent and her existing debts and wasn't in a good financial position. And she said she had to move back in with her mother in order to be able to make the repayments on this loan and her other debts. I note this testimony is inconsistent with Ms W's application to Moneybarn, which said she lived with parents at the time.

Whilst I appreciate Ms W was likely in a difficult financial situation after her separation, she's also told us she needed a car. And without more evidence of what her actual financial circumstances were, I can't say Moneybarn ought to have declined Ms W's application.

Have Moneybarn acted unfairly in any other way?

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I can't say

Moneybarn lent irresponsibly to Ms W 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

As I've explained above, I'm not upholding Ms W's complaint about Moneybarn No. 1 Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms W to accept or reject my decision before 11 September 2025.

Clare King
Ombudsman