

## The complaint

Mrs D has complained that MONEYBARN NO.1 LIMITED trading as Moneybarn unfairly provided her with credit for a vehicle.

## What happened

In April 2019, Mrs D entered into a finance agreement with Moneybarn for the purchase of a car as shown below.

Date	Amount of credit	Term	Monthly payment	Total repayable
April 2019	£12,060	60 months	£367.27	£22,186.68

In January 2025, Mrs D complained to Moneybarn with the help of a professional representative. In the complaint, Mrs D said she didn't think Moneybarn had lent to her responsibly. She felt it had failed to undertake a reasonable assessment of her creditworthiness at the time of the lending because she was on a low income, and it hadn't reviewed her bank statements. Had it done so it would have seen she was borrowing from pay day lenders demonstrating she was struggling financially. So, she's said had Moneybarn completed the appropriate checks it would have found the lending was unsuitable for her.

Moneybarn looked into Mrs D's complaint and issued a final response letter explaining it believed it had acted fairly when completing its checks. It said it had confirmed the agreement was affordable by verifying Mrs D's income, making a reasonable allowance for essential expenditure, and checking the information the credit reference agencies held. Moneybarn has said based on the information it found, it believes its decision to lend was fair.

Mrs D didn't accept Moneybarn's response, so she referred her complaint to our service with the help of her representative. One of our investigators looked into it, and based on the evidence available, our investigator said she didn't think Moneybarn's decision to lend was unfair.

Mrs D and her representatives didn't accept what our investigator said and asked for a final decision on the case. As no agreement could be reached, the 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.

Having done so, I've reached the same outcome as the investigator for broadly the same reasons.

I think there are key questions I need to consider in order to decide what is fair and reasonable in this case:

- Did Moneybarn carry out reasonable and proportionate checks to satisfy itself that Mrs D was able to sustainably repay the credit?
- If not, what would reasonable and proportionate checks have shown at the time?
- Did Moneybarn make a fair lending decision?
- Did Moneybarn act unfairly or unreasonably towards Mrs D in some other way?

Moneybarn had to carry out reasonable and proportionate checks to satisfy itself that Mrs D would be able to repay the credit sustainably. It needed to assess the likelihood of Mrs D being able to repay the credit, as well as considering the impact of the repayments on her.

There is no set list of checks that it had to do, but it could take into account several different things such as the amount and length of the credit, the amount of the monthly repayments, the cost of the credit and the customers circumstances.

Moneybarn has explained that it carried out a credit search to get an understanding of Mrs D's situation before it decided to lend. It's said it found a default that had occurred more than two years prior to the application but that she had been paying towards this. It also noted a County Court Judgement (CCJ) that had been issued around 11 months before this lending. However, it hasn't been able to provide evidence of these checks. Given this, I can't be satisfied that Moneybarn completed proportionate checks. Mrs D has provided this service with a copy of her credit file which I have reviewed. I can see that in addition to the adverse data Moneybarn told us about, there was some short-term lending taken out in the months prior to this lending decision, but that this was all well managed.

Moneybarn says it verified Mrs D's income and used her credit file to understand her repayments to other debts. It applied estimates for Mrs D's regular living expenses using ONS data. This is an approach it's allowed to take under the relevant lending rules. And usually, I would be satisfied that this was a proportionate check. But in this case given Moneybarn says Mrs D had received a CCJ only 11 months before this application and the presence of short-term lending within the last three months, I think it would have been reasonable to get a more detailed picture of her expenditure.

There are a number of ways it could have done this, but for the avoidance of doubt, I'm not making a finding here that Moneybarn needed to see Mrs D's statements in order to complete its own income and expenditure assessment. Rather I think it needed to accurately establish Mrs D's regular essential expenditure. That said in the absence of any other evidence, I think it's reasonable to rely on bank statements to establish what Moneybarn would likely have found had it asked Mrs D more questions about her finances.

Mrs D was able to provide us with statements for a joint account shared with her husband for the months before the lending. Having considered these I can see the account remained in a reasonable credit balance and there were no returned payments or anything else to suggest that Mrs D was unable to manage her finances. There was a reasonable level of discretionary spending on the account, and her income broadly matched that declared by Mrs D and then verified by Moneybarn.

Mrs D's representatives have argued that the short-term lending demonstrated that Mrs D was struggling financially. Whilst I agree short term lending might indicate this, having reviewed the statements, I don't agree this was the case here. It is clear Mrs D had utilised short-term loans, but I can't see from the evidence available that she was dependent on them or that they were the cause of or needed as a result of any ongoing financial difficulties.

As I've already said I don't think Moneybarn needed to see Mrs D's statements, but it needed to understand her expenditure. However, I can see from the statements, that even after taking into account Mrs D's portion of essential living costs and expenditure on other debt (including the short-term lending), Mrs D would have been left with enough disposable income a month to afford the new agreement and the other associated costs of running a car. So, I think had Moneybarn got a more detailed picture of Mrs D's circumstances it wouldn't have found that she was in financial difficulties or that the lending was unaffordable.

Overall, I think Moneybarn's checks should have gone further here. But based on the information now available, I'm not satisfied the decision to approve the lending was unreasonable.

I can see that Mrs D maintained the agreement for a time but then fell into financial difficulties after her circumstances changed. In response to this Moneybarn, agreed payment holidays and payment plans allowing Mrs D to eventually settle the agreement. This is in line with the kind of support I'd expect to see where someone is in financial difficulties. So, I haven't seen anything to suggest Moneybarn treated Mrs D unfairly throughout the life of the agreement either.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. But overall, it's not clear enough to me that Moneybarn created unfairness in its relationship with Mrs D by lending to her irresponsibly, or in the way it handled the account under the credit agreement. And I haven't seen anything to suggest that s.140A or anything else would, given the facts of this complaint, lead to a different outcome here. I'm very sorry to disappoint Mrs D, but for the reasons set out, I don't find that Mrs D's relationship with Moneybarn was unfair, and I can't conclude Moneybarn treated her unfairly in any other way based on what I've seen.

### **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 Mrs D to accept or reject my decision before 9 January 2026.

Charlotte Roberts  
**Ombudsman**