

The complaint

Mrs F complains Moneybarn No. 1 Limited trading as Moneybarn irresponsibly provided her with an unaffordable conditional sale agreement to purchase a vehicle.

Mrs F's complaint has been brought by a professional representative, however for ease I've referred to all submissions as though they are her own.

What happened

Moneybarn provided Mrs F with a conditional sale agreement for a vehicle in March 2023. The vehicle had a cash price of around £8,100 which was financed with a £1,100 deposit and a capital amount lent by Moneybarn under this agreement of around £7,000. The agreement was repayable over 59 monthly instalments of around £180 and had a total repayable value, including interest and the deposit, of around £11,680.

Mrs F complained to Moneybarn in November 2024. She said Moneybarn's checks hadn't been proportionate to her circumstances and the terms of lending being provided. She said more detailed checks would have identified this agreement was unaffordable for her. Mrs F said Moneybarn shouldn't have therefore provided her with this credit agreement, and that it has led to an unfair relationship.

Moneybarn reviewed Mrs F's complaint and didn't uphold it. It considered it had completed proportionate checks and had gone on to make a fair lending decision when approving Mrs F with this agreement.

Unhappy with Moneybarn's response Mrs F referred her complaint to our service.

Our investigator reviewed the details and didn't uphold the complaint. She didn't consider Moneybarn had completed proportionate checks before providing this agreement. So, she went on to review what proportionate checks would more likely than not have identified, and concluded Moneybarn would still reasonably have gone on to provide Mrs F with this lending. She therefore said Moneybarn had made a fair lending decision when approving Mrs F with this credit agreement.

Moneybarn didn't respond to our investigator's view. Mrs F responded and disagreed. In summary, she presented information to support her position that this agreement wasn't affordable for her. Our investigator considered this information and set out why it didn't change their view on this complaint.

Mrs F asked for an ombudsman's review, so 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.

The information in this case is well known to Mrs F and Moneybarn, so I don't intend to repeat it in detail here. I've focused my decision on what I consider to be the key points of this complaint; so, while my decision may not cover all the points or touch on all the information that's been provided, I'd like to assure both parties I've carefully reviewed everything available to me. I don't mean to be discourteous to Mrs F or Moneybarn by taking this approach, but this simply reflects the informal nature of our service.

We've set out our approach to complaints about irresponsible and unaffordable lending as well as the key rules, regulations and what we consider to be good industry practice on our website. Both Mrs F and Moneybarn have been made aware of this approach.

At the time Moneybarn arranged this agreement for Mrs F it was required to carry out proportionate checks. These checks required it to assess Mrs F's ability to afford the agreement being arranged and repay it sustainably, without causing her financial difficulties or financial harm.

There isn't a set list of checks a lender needs to carry out, but they should be proportionate, taking into account things like the type, amount, duration and total cost of the credit, as well as the borrower's individual circumstances.

I've followed this approach when considering Mrs F's complaint and I've set out my findings below.

The lending decision

Moneybarn obtained Mrs F's declared income and validated it against data obtained from credit reference agencies. It also used Office of National Statistics (ONS) data to reasonably calculate Mrs F's non-discretionary expenditure, and completed a credit check to identify her existing credit commitments.

Moneybarn says it completed proportionate checks and made a fair lending decision when providing Mrs F with this credit agreement.

I've carefully considered the information and arguments Moneybarn has presented. Based on the evidence available to me, I'm not persuaded its checks were proportionate in this instance; however, for reasons I'll go on to explain, I consider it did make a fair lending decision when providing Mrs F with this credit agreement.

I say this because although Moneybarn says it completed a credit check, it's been unable to provide us with full details of the data it obtained. I also note from the information Moneybarn has provided that Mrs F was subject to an IVA at the time of this application, and that Moneybarn obtained consent from Mrs F's Insolvency Practitioner to provide this agreement. Given this information I don't consider it was reasonable for Moneybarn to have relied on ONS data. I say this as ONS data is representative of the average person; and I don't see how Mrs F's financial circumstances could be argued to be reflective of the average person.

I therefore consider Moneybarn ought reasonably to have verified Mrs F's actual income and expenditure, to ensure this credit agreement would be sustainably affordable for her across its full term.

Moneybarn could have verified this information in a number of ways. Our service's general approach is to ask a customer to provide us with their main bank statements showing their income and expenditure covering a period of three months leading up to a lending event. We generally find that this allows us to recreate what proportionate checks would more likely than not have shown a lender, had it completed them at the time.

Mrs F has provided us with bank statements leading up to this lending decision. In the absence of any other contradictory information, I've considered these statements to understand what Moneybarn would likely have identified through proportionate checks.

The statements show Mrs F's average income across the three months totals around £2,700; which is largely made up of benefits and tax credits, although I have taken into account some regular credits received from individuals. I consider this to be reasonable given they are regular credits across the months I've reviewed, and based on the testimony Mrs F has provided about them.

There's non-discretionary expenditure evidenced with payments for rent, utilities, insurances and usual household subscriptions. I've also seen payments to existing credit commitments, which are generally consistent across the months I've reviewed. I do acknowledge that in one of the months Mrs F makes a higher level of repayments to her existing credit accounts; however, this only appears possible due to her receiving a lump sum credit, which I've haven't taken into account for regular income purposes, again due to the testimony she's provided.

In total Mrs F's payments to non-discretionary expenditure and existing debts average around £1,900 per month.

So, taking into account Mrs F's evidenced income, non-discretionary expenditure and payments towards existing credit, I consider Mrs F is left with around £800 per month to afford repayments to this new credit agreement and other living costs.

Mrs F has provided her own income and expenditure assessment which shows her monthly disposable income was lower; and she maintains her position that this agreement wasn't affordable for her. However, my assessment of the evidenced income and expenditure doesn't support Mrs F's lower figure, based on my findings above.

I'm therefore satisfied that proportionate checks would more likely than not have led to Moneybarn reasonably concluding that Mrs F could sustainably afford this new line of credit. So, it therefore follows I consider Moneybarn made a fair lending decision when providing Mrs F with this credit agreement.

Did Moneybarn act unfairly or unreasonably in any other way?

I've also considered whether Moneybarn acted unfairly or unreasonably in any other way.

Mrs F has said she experienced financial difficulties and as a result struggled to maintain contractual payments to the agreement. Mrs F has said during this time Moneybarn didn't treat her with forbearance or support as per the rules and regulations it must follow.

I've carefully considered Mrs F's arguments here. I've seen that around a year after the agreement went live, in April 2024 Mrs F's contractual payment was returned. The same happened a couple of months later in July 2024. However, the contact notes I've seen show Mrs F brought the agreement back up to date by making manual payments within a matter of days of the payment being returned.

Mrs F has requested multiple early settlement figures from Moneybarn across the term of the agreement, but there's no indication that Mrs F is experiencing financial difficulties. There's also no notes to suggest Mrs F made Moneybarn aware of any potential financial difficulties.

As part of the complaint Mrs F provided us with her up to date full credit report dated April 2025. From this I've seen Mrs F appears to have made all payments to this agreement up to the date it was produced, as there has been no adverse information reported by Moneybarn.

I've also gone on to consider whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974. Having done so, I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

It therefore follows, for the reasons set out above, that I don't consider Moneybarn has acted unfairly in relation to this credit agreement; and I'm not directing it to take any further action in resolution of this complaint.

I would, however, remind Moneybarn of its obligations to treat Mrs F fairly and sympathetically when dealing with her during the ongoing term of this agreement; including providing reasonable forbearance and support during any periods of financial difficulties.

My final decision

My final decision is that I don't uphold Mrs F's complaint about Moneybarn No. 1 Limited trading as Moneybarn.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs F to accept or reject my decision before 9 October 2025.

Richard Turner
Ombudsman