

The complaint

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

What happened

In November 2014, Ms S entered into a finance agreement with Moneybarn for the purchase of a car as shown below. Ms S settled the agreement in January 2018.

Date	Amount of credit	Term	Monthly payment	Total repayable
November 2014	£5,085.00	48 months	£219.41	£10,712.27

In December 2024, Ms S complained to Moneybarn with the help of a professional representative. In the complaint, Ms S 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. She's said had Moneybarn completed the appropriate checks it would have found the lending was unsuitable for her and that this led to an unfair relationship.

Moneybarn looked into Ms 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 Ms S' income using her bank statements, and checking the information the credit reference agencies held about her. Moneybarn has said based on the information it found, it believes its decision to lend was fair.

Ms S didn't accept Moneybarn's response, so she referred her complaint to our service with the help of her representative. Although the events being complained of took place more than six years ago, Moneybarn consented to this service looking into the complaint about irresponsible lending. So, one of our investigators looked into it, and based on the evidence available, our investigator said he didn't think Moneybarn's decision to lend was unfair.

Ms S' representatives didn't accept what our investigator said and asked for a final decision on the case. 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.

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 Ms S 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 Ms S in some other way?

Moneybarn had to carry out reasonable and proportionate checks to satisfy itself that Ms S would be able to repay the credit sustainably. It needed to assess the likelihood of Ms S 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.

In its submission to this service, Moneybarn has explained that it carried out a credit search to get an understanding of Ms S' situation before it decided to lend. It's said it found two defaults, one of which had occurred around four months prior to the application. But it found she had been reducing the outstanding balance of these defaults. It also said it verified Ms S' income using her bank statements and that it completed an income and expenditure. However, it's said that given the passage of time, it can no longer provide a complete copy of the checks that it did. I can see the income verification and the results of the credit check, but there's limited information around Ms S' expenditure. Given this, I can't be satisfied that Moneybarn completed proportionate checks.

Moneybarn says it calculated that Ms S would have around £320 in disposable income after repayments to the agreement. Which is a reasonable sum. However, it can't provide evidence of what information it used when considering Ms S' expenditure. Given Ms S had defaulted on an agreement only four months before this application, I think it would have been reasonable to get a detailed picture of her expenditure. As it's no longer possible to see how Moneybarn calculated Ms S' expenditure, I've gone on to consider what a reasonable and proportionate expenditure review would have shown.

There are a number of ways Moneybarn could have done this, and I think it needed to accurately establish Ms S' regular essential expenditure. I can see that it had a copy of her bank statements covering around a two-month period prior to lending. So, in the absence of any other evidence, I think it's reasonable to rely on these to establish what Moneybarn would likely have discovered had it found out more about Ms S' finances.

Ms S was also able to provide us with further statements for this account, so we have statements for nearly the full three months prior to the lending. Having considered these I can't see Ms S was struggling to meet her monthly essential commitments or that there were signs of financial difficulty on the account. It appears that after taking account of her income and essential expenditure, as reflected by the account, Ms S would have had a disposable income of between around £700 and £900.

Ms S' representatives have argued that the statements don't show payments to rent or a mortgage and that Moneybarn would needed to have taken this into consideration. It's unclear what Ms S' rent agreement was and whether at this time this was paid for by Ms S or someone else. I can't see any regular withdrawals or transfers that might account for this cost and so, it's difficult to conclude what this may have been. However, Ms S has told us that she was paying around £130 a month towards rent. So, even if Moneybarn had taken this into consideration as part of her expenditure, I think it would have reasonably concluded that Ms S could sustainably afford the lending.

Overall, I can't be satisfied that Moneybarn completed reasonable and proportionate checks. But based on the information now available about Ms S' circumstances at the time, I'm not persuaded its decision to approve the lending was unreasonable.

I can see that Ms S maintained the agreement with a perfect payment record and settled the agreement early in January 2018. So, I haven't seen anything to suggest Moneybarn treated Ms S unfairly throughout the life of the agreement.

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 Ms S 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 Ms S, but for the reasons set out, I don't find that Ms 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 Ms S to accept or reject my decision before 30 December 2025.

Charlotte Roberts
Ombudsman