The complaint

Mr V's complaint is that Moneybarn No. 1 Limited trading as Moneybarn provided him with an unaffordable regulated credit agreement to finance a vehicle.

Mr V's complaint has been brought by a professional representative, but for ease I've referred to all submissions as though they are his own.

What happened

In January 2018 Moneybarn approved Mr V for a credit agreement for a vehicle with a total cash price of around £9,000. The agreement was repayable over 59 monthly instalments of around £300 with a total repayable value of around £17,750.

Mr V complained to Moneybarn in June 2024. He said had it completed proportionate checks at the time it lent it would have identified this agreement wasn't affordable for him. Mr V said Moneybarn acted irresponsibly by providing him with this credit agreement.

Moneybarn issued a final response letter not upholding Mr V's complaint. Essentially it said its checks were proportionate and that it had fairly provided Mr V with this credit agreement.

Unhappy with Moneybarn's response Mr V referred his complaint to our service for review.

Our investigator didn't uphold Mr V's complaint. He was satisfied that Moneybarn had completed proportionate checks and gone on to make a fair lending decision when providing Mr V with this credit agreement.

Moneybarn didn't respond to our investigator's view. Mr V responded and disagreed. In summary he maintained his arguments that this agreement wasn't affordable for him; and it provided further comments and evidence which he considered supported his position. Our investigator addressed the additional information and maintained his view that Moneybarn had made a fair lending decision.

Mr V 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 Mr V and Moneybarn, so I don't intend to repeat it in detail here. 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 Mr V or Moneybarn by taking this approach, but I've focused my findings on what I consider to be the key points, and 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. And I've seen our investigator set out this approach within their view.

At the time Moneybarn arranged this agreement for Mr V it was required to carry out proportionate checks. These checks required it to assess Mr V's ability to afford the agreement being arranged and repay it sustainably, without causing him 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 Mr V's complaint.

Moneybarn has provided evidence that it obtained Mr V's declared income and that it verified this by obtaining access to Mr V's bank statements through open banking . It also completed a credit check to identify Mr V's active debt as well as his management of credit.

Moneybarn says it completed proportionate checks before going on to make a fair lending decision when providing Mr V with this credit agreement.

I've carefully considered the information and arguments presented; and having done so, I'm persuaded its checks were proportionate, and that it went on to make a fair lending decision.

I say this because Moneybarn verified Mr V's income to be just above £1,600 per month, which was in line with his declarations.

The information Moneybarn obtained through its credit check showed Mr V had around £250 of active outstanding debt, all of which was on a revolving basis. As such, I consider Moneybarn could reasonably have considered a repayment of around £50 towards this debt per month. The credit check also showed that Mr V had historic adverse information reporting; he had around £10,000 of defaulted balances outstanding, with his most recent defaulted account being reported just under two years prior to this lending. And more recently, around ten months earlier, he had a CCJ registered which had an outstanding balance of around £1,700.

Although this adverse information was largely historic, I consider it ought to have led to Moneybarn concluding that it needed to obtain an understanding of Mr V's overall financial situation, to conclude this credit agreement was affordable for him.

Moneybarn has said that it concluded Mr V had a disposable income of around £400; and that the £300 repayments to this agreement were therefore affordable. However, it hasn't provided our service with any data or calculations sitting behind this calculation.

As Moneybarn verified Mr V's income through an open banking report, I've seen that it also had had sight of Mr V's actual monthly expenditure. Therefore, it had obtained information through its checks which allowed it to fully understand Mr V's financial situation; and therefore reasonably assess his affordability towards this credit agreement.

Based on the open banking details Moneybarn obtained, Mr V appears to have a healthy level of disposable income. I say this as there are two evidenced monthly commitments towards a lifestyle subscription and an insurance policy. These total around £150 per month. There's no evidence of a payment towards a mortgage/rent, or other associated housing costs like utilities. However, Mr V had declared he was living with parents on his application form, so I don't consider the absence of these transactions to be of concern.

In any event, Mr V would be left with around £1,400 each month after the committed costs I've set out above were deducted. When taking into account payments of £300 towards this credit agreement, I consider Mr V would still be left with a reasonable level of disposable income to contribute towards any living costs, ongoing maintenance of this vehicle, and any unexpected costs he may incur.

Mr V has said that he was gambling and that Moneybarn should have identified this through the checks it completed. He also provided bank statements in response to our investigator's view; however, I note that these cover a period from March 2018 to January 2019, which is after this agreement was provided in January 2018.

The transactions on the open banking report Moneybarn obtained don't appear to show any signs of financial difficulties, like returned payments or fees or charges. These are a number of transactions that appear to be towards online gambling companies; but based on the easily identifiable transactions of this nature, I don't consider the number or total value of these payments were at such a level that ought reasonably to have caused Moneybarn concern.

While Mr V has provided statements after the lending event, I don't consider these provide me with any insight as to what Moneybarn should reasonably have considered or identified through proportionate checks at the time. So, I've not considered these statements for these reasons.

Mr V has said that some of the transfers within the statements were him borrowing money from individuals and paying them back; and that this therefore further supports his position that this agreement was unaffordable.

While I don't doubt Mr V's testimony here, this isn't reasonably identifiable through the statements without further questioning from Moneybarn; which I don't consider would have been proportionate here. And in any event, had Moneybarn asked further questions about these transactions (which I don't consider proportionate checks would have warranted), I consider it's likely Mr V would have positioned them in a positive light. I say this as Mr V has said within his complaint points to our service that he needed a vehicle *'to get to and from work'*. So, it's clear that Mr V did consider this finance agreement to purchase a vehicle was a necessity.

I've gone on to consider whether Moneybarn acted unfairly or unreasonably in any other way during this agreement.

Mr V has said that when he struggled to afford the repayments he had to sell possessions and borrow from other lenders. He's also said he wasn't offered forbearance during the COVID pandemic.

I've carefully considered Mr V's points here, and Moneybarn's actions. Having done so, I haven't seen anything to suggest Moneybarn has acted unfairly or unreasonably.

I say this as I've seen Moneybarn's internal notes which show it agreed to change payments dates and offered a payment holiday when Mr V made it aware of short term financial difficulties. There's no notes to suggest Mr V requested any support or forbearance during the COVID pandemic, and I've seen that he contacted Moneybarn to discuss early settlement in late 2020, with the credit agreement being settled early in 2021.

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.

I acknowledge my decision will be disappointing for Mr V, but for the reasons set out above I’m not directing Moneybarn to take any further action in resolution of this complaint.

My final decision

My final decision is that I don’t uphold Mr V’s complaint about Moneybarn No. 1 Limited trading as Moneybarn.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr V to accept or reject my decision before 8 September 2025.

Richard Turner
Ombudsman