

## **The complaint**

Mr S says Moneybarn No. 1 Limited ('Moneybarn'), irresponsibly lent to him. He says that it didn't take reasonable steps to ensure he could afford the repayments towards a conditional sale agreement to purchase a car. He says that Moneybarn failed to conduct proportionate checks at that time and could have done more prior to providing the finance to ensure that it was affordable for him.

Mr S' complaint has been brought by a representative and in most cases I've referred to Mr S and the representatives' comments as being from Mr S for ease of reading.

## **What happened**

This complaint is about a conditional sale agreement that Mr S took out to purchase a car in September 2021. The vehicle had a retail price of £9,350. All of this was financed. This agreement was to be repaid through 59 monthly instalments of £293.46. If Mr S made the repayments in line with the credit agreement, he would need to repay a total of £17,314.14.

Mr S has complained to Moneybarn saying that it hadn't made enough checks before lending and the loan wasn't affordable for him.

Moneybarn considered his complaint, and didn't uphold it. It thought it'd done adequate checks, which showed that Mr S could afford the lending. Mr S didn't agree with this and brought the complaint to the Financial Ombudsman Service.

Our Investigator didn't uphold Mr S' complaint. He thought Moneybarn did proportionate checks, and these showed the loan was affordable.

Mr S didn't agree with the Investigator. His representative said:

- The full credit file Moneybarn saw wasn't provided, so it's not clear what was assessed.
- A recent default was not properly considered, Mr S had defaulted on £100 of credit 13 months before the lending.
- Even though Mr S' income was verified, this on its own does not determine affordability.
- The substantial finance amount, and long term of the commitment, warranted stricter checks, a full review of Mr S' disposable income should have taken place.
- And a recent credit report shows that Mr S had some credit problems. He had taken four new revolving credit accounts in the six months before the finance, and he had exceeded the limits of these six times, with one missed payment.

Because Mr S didn't agree, this matter has been passed to me to make a final decision.

## **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.

When someone complains about irresponsible and/or unaffordable lending, there are two overarching questions I need to consider when deciding what's fair and reasonable in all of the circumstances of the complaint. These are:

1. Did Moneybarn complete reasonable and proportionate checks to satisfy itself that Mr S would be able to repay the credit in a sustainable way?
  - a. if so, did Moneybarn make a fair lending decision?
  - b. if not, would reasonable and proportionate checks have shown that Mr S could sustainably repay the borrowing?
2. Did Moneybarn act unfairly or unreasonably in some other way?

And, if I determine that Moneybarn didn't act fairly and reasonably when considering Mr S' application, I'll also consider what I think is a fair way to put things right.

Did Moneybarn complete reasonable and proportionate checks to satisfy itself that Mr S would be able to repay the credit in a sustainable way?

There's no set list for what reasonable and proportionate checks are, but I'd expect lenders to consider things such as the amount, duration, and payments of the finance being applied for, as well as the borrowers' personal circumstances at the time of each application.

Moneybarn has explained that it asked Mr S what his income was, and he said that it was around £3,000 a month. It said that it checked that this was a reasonable fit for his stated occupation. And it verified his income using a credit reference agency tool. Moneybarn says that it also looked at some payslips and bank statements to confirm his income. After it had made this verification check it thought that it was reasonable to use an amount of £2,400 for his income. I agree this was reasonable.

Moneybarn also looked at Mr S' credit reference agency data. It found out that he had no county court judgements, or other insolvency or debt management records. He had one default, with a value of £100, from thirteen months ago.

Moneybarn also found out, from the same source, that Mr S had other credit with a value of about £2,500. He was paying around £85 a month to this. I don't think Moneybarn would have considered this was a high outstanding debt balance.

Mr S has provided an up-to-date copy of his personal credit report. I've used this to cross-reference the credit results Moneybarn found with Mr S' report. This also shows the same historic data. He had taken on some revolving credit (four new accounts, one of which may have been high cost credit). And he had been borrowing over the limits of this. The amounts he had borrowed were modest and seem in line with what Moneybarn found out. So, I don't think the further information about these accounts is entirely new.

Mr S has said that the full credit reference agency data that Moneybarn considered has not been supplied. But Moneybarn doesn't request, or receive, credit reference agency data in the same format as a consumer, such as Mr S, would. I think it has provided the relevant information it received and used in the assessment.

And in any event, as I've said, the amounts that Mr S had borrowed from other lenders was modest and any amounts that he went over his credit limits were also modest. It could be that he was near the credit limit on some of his accounts and the addition of interest was the cause of this. I don't think it's fair to say that any of the credit reference agency data shows Mr S was having significant financial problems such that Moneybarn was likely to have considered refusing his application or carrying out further checks.

Mr S said when he applied that his expenditure was £400 a month. Moneybarn then estimated his expenditure using a combination of what it knew about his existing credit repayments and Office of National Statistics ('ONS') data to estimate his other living expenses.

Moneybarn estimated that Mr S' other living expenditures would be about £1,250. And after it had added a buffer to this (and his existing credit repayments) it thought that Mr S would have around £1,000 a month left over. So, it thought that the finance repayments would be affordable.

Mr S has said that the repayment amount, and term of the lending, should have led to Moneybarn performing better checks. I don't think this is necessarily the case here as the checks it did, showed that Mr S was in work with a reasonable income. He didn't have any recent credit problems and the repayments he had to his existing credit were not high. The income and expenditure analysis showed Mr S could afford the repayments I don't think that Moneybarn needed to look further into Mr S' circumstances here.

And even if I were to conclude that Moneybarn needed to make better checks. Mr S hasn't provided any further information, or narrative, about why or how the loan payments were not affordable for him. Or why Moneybarn's expenditure figures were incorrect. So, I wouldn't be able to uphold the complaint in any event, even if I were to conclude better checks were needed.

So, overall, in these circumstances, I think the assessments Moneybarn did were proportionate. And I think its decision to lend was reasonable.

#### Did Moneybarn act unfairly or unreasonably in some other way?

Mr S has had some repayment problems over the term of the loan, I can see that Moneybarn has engaged with him about these, and I think it has treated him fairly in this respect. That said I would remind Moneybarn of its responsibility to treat Mr S fairly and with forbearance going forward if he has further repayment problems.

I've also considered whether Moneybarn acted unfairly or unreasonably in any other way and I have considered whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974.

However, for the reasons I've already given, I don't think it lent irresponsibly to Mr S or otherwise treated him 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.

I haven't seen anything to make me think Moneybarn acted unfairly or unreasonably in some other way.

**My final decision**

For the reasons set out above, I don't uphold Mr S' complaint.

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

Andy Burlinson  
**Ombudsman**