

The complaint

Mr F's complaint is that Moneybarn No. 1 Limited (Moneybarn) irresponsibly provided him with an unaffordable regulated credit agreement to finance a vehicle.

What happened

Moneybarn approved Mr F for a credit agreement for a vehicle with a total cash price of around £18,000 in March 2020. The agreement had a term of 60 months and was repayable over 59 instalments of around £600, with a total repayable value, including interest, of around £35,800.

Mr F complained to Moneybarn in September 2024. He said had it completed proportionate checks it would have identified this agreement wasn't affordable for him. He said the dealer had provided Moneybarn with false documents setting out his income, and that he'd paid the dealer a deposit of £2,000 which wasn't documented within the car purchase paperwork. Mr F said Moneybarn had acted irresponsibly by providing him with this credit agreement.

Moneybarn issued a final response letter in November 2024 in which it didn't uphold Mr F's complaint. It said its checks were proportionate and that it went on to fairly provide Mr F with this credit agreement. It said it had no reason to suspect any information provided at the application stage wasn't genuine, as Mr F suggested, and it had no record or knowledge of Mr F paying the dealer a £2,000 deposit.

Unhappy with Moneybarn's response Mr F referred his complaint to our service.

Our investigator reviewed the details and didn't uphold Mr F's complaint. She thought Moneybarn's checks weren't proportionate to the terms of lending it provided; so, she asked Mr F to provide evidence so she could reasonably consider what more detailed checks at the time would likely have shown. However, after several requests to Mr F the required information wasn't received; so, she considered the complaint with the evidence available to her. Our investigator ultimately concluded Moneybarn hadn't made an unfair lending decision when providing Mr F with this credit agreement.

Moneybarn didn't respond to our investigator's view; Mr F responded and disagreed. In summary he maintained his arguments that this agreement wasn't affordable for him and that proportionate checks ought to have led to Moneybarn identifying this. Mr F repeated his arguments that Moneybarn had made its lending decision based on false documentation that had been provided by the dealer; and that he was in receipt of benefits and more detailed checks would have identified this.

Mr 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 Mr F 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; but I've focused my findings on what I consider to be the key points. I don't mean to be discourteous to Mr 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. And I've seen our investigator set out this approach within their view.

At the time Moneybarn arranged this agreement for Mr F it was required to carry out proportionate checks. These checks required it to assess Mr F'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 F's complaint and I've set out my findings below under separate headings.

The lending decision

Moneybarn has provided us with evidence that it obtained Mr F's declared income and two months' worth of payslips leading up to this lending decision. It used Office of National Statistics (ONS) data to estimate Mr F's non-discretionary expenditure; and it completed a credit check to identify Mr F's existing credit commitments and his management of credit.

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

I've carefully considered the information and arguments presented. Having done so, I'm not persuaded Moneybarn's checks were proportionate in this instance. However, for reasons I'll go on to explain, I don't consider it made an unfair lending decision when providing Mr F with this credit agreement.

I'm not persuaded that the checks were proportionate because the amount of credit being advanced under this agreement and the total repayable value was relatively substantial. Mr F was also being tied into an agreement over a sizeable term, with a significant monthly repayment.

The details Moneybarn obtained from the credit check it completed showed Mr F had at least one default reported, from 11 months prior to this application. And he'd had a CCJ registered around 22 months prior. So, the credit file showed recent and historic adverse information which could suggest past and ongoing financial difficulties.

I therefore don't consider it was proportionate for Moneybarn to use statistical data within its affordability assessment. I'm persuaded that Moneybarn needed to understand Mr F's actual financial situation, by verifying his actual income and expenditure, to ensure this credit agreement was affordable for him.

Moneybarn could have obtained 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. We may also ask a customer for their full credit report in order to obtain a better understanding of their overall financial situation. It's generally expected that a customer will provide us with required evidence to support their complaint.

Our investigator requested this information from Mr F to support their review. However, after multiple requests Mr F hasn't provided our service with the information we reasonably require, in order to recreate what proportionate checks would more likely than not have shown Moneybarn at the time it made its lending decision.

Initially Mr F told our investigator that he had bank accounts with two separate providers and had requested these statements. However, after further requests from our investigator Mr F told us that these accounts hadn't been opened until after this agreement was provided. Mr F has provided us with two screen shots of a savings account held with another bank, however these are largely dated after the agreement went live, and show just two transactions across the two month period.

It appears clear to me that these savings account statements aren't therefore Mr F's main bank account at the time of this lending. I say this as Mr F has made us aware that he was in receipt of benefits at the time of this lending, and this isn't evidenced within the two transactions on the statements provided; nor are any living costs.

I acknowledge that Mr F has also provided some screen shots from his credit file, which show his credit score across a number of years, and adverse information relating to CCJs and some missed payments on an account. But in isolation these screen shots don't allow us to recreate the overall picture of Mr F's financial situation at the time of this lending.

So, given Mr F has had multiple opportunities to provide us with the evidence we require, and given that the evidence he's provided doesn't allow us to reasonably recreate his actual financial position at the time; I've needed to rely on the evidence Moneybarn has provided, based on the checks and assessment it carried out.

Moneybarn has provided us with the application for credit which sets out Mr F's declared income of around £2,500 and the name of his employer. Moneybarn has also provided us with two months' worth of payslips for the months leading up to this agreement.

The payslips validate the monthly income Mr F declared. Mr F has said he didn't provide evidence by way of payslips to the dealer or Moneybarn; he's said he didn't provide any evidence of income or expenditure for that matter. He's said within his complaint to Moneybarn and our service that he was in receipt of benefits at the time of this lending, and that the employer details Moneybarn have for him don't relate to a real company. Mr F says proportionate checks for this lending ought to have led to Moneybarn completing an employment check to ensure the details were accurate.

I've reviewed the payslips Moneybarn has provided this service, and based on what I've seen I've got no reason to believe they Moneybarn shouldn't have relied upon them as part of Mr F's application. I say this because they include the information I would reasonably expect to see on a payslip, including the employer name. Having searched for the company I have found it is a real company that appears to be actively trading. I can't agree with Mr F's position that Moneybarn would have needed to contact his employer as part of a proportionate check, especially if it had no reasonable reason to distrust the information it had obtained. But had it completed a search on the employer, I consider it's more likely than

not that it would have found the same information I have; and that this would have further supported Mr F's declarations within the application.

I consider my above thoughts are further supported as I note, although after the lending event, that during a period of financial difficulty Mr F told Moneybarn he would contact his employer to obtain payslips to evidence a reduced wage, to support its forbearance measures. The name of the employer Mr F references is that which is on the application form and the payslips that Moneybarn received at the point of the application.

Moneybarn says it used ONS data to estimate Mr F's non-discretionary expenditure. It included housing costs and usual household bills, basic living costs, and costs associated with owning a vehicle. After including a modest buffer, Moneybarn concluded Mr F's non-discretionary expenditure was around £1,500 per month, and therefore that he had a reasonable level of disposable income to afford this credit agreement.

Moneybarn's credit check showed that Mr F had recent and historic adverse information; an active default balance of £2,400 with the most recent default being recorded 11 months prior; and an active CCJ of £2,100 being recorded 22 months prior. However, the check showed no outstanding balances on any active credit agreements, and that no short term or home credit lending had been provided within six months of the check.

I've set out above why I don't consider Moneybarn's checks to have been proportionate in the individual circumstances, based on all of the information it did obtain. However, I've not seen anything which persuades me that Moneybarn should have declined this agreement outright, rather than conducting more detailed checks. And given that I can't reasonably understand what more detailed checks would likely have shown it at the time, it therefore follows that I can't be satisfied it made an unfair lending decision when providing Mr F with this credit agreement.

Did Moneybarn act unfairly or unreasonably in any other way in relation to this agreement?

Mr F has said he paid the dealer a £2,000 deposit before entering the agreement. However, as Moneybarn have pointed out there is no reference to this within any of the paperwork produced at the time of the lending. And Mr F hasn't provided any documentary evidence of this. So, I can't reasonably conclude Moneybarn had any awareness of a deposit at the time, or that Mr F had paid one to secure the vehicle.

Mr F has also said that he received from Moneybarn a copy of a bank statement which he allegedly provided it or the dealer as part of his application. The statement is largely redacted, but shows an account in Mr F's name with an income transaction showing. Mr F has said this statement isn't his and is forged, and as such the dealer provided Moneybarn with false information which Moneybarn should have reasonably identified.

Moneybarn hasn't provided our service with this disputed bank statement as part of its file. Therefore, I can't be satisfied Moneybarn did have sight of, or rely on, this bank statement as proof of Mr F's income when making its lending decision. What I do note however, is that the statement Mr F has provided is dated June 2020, around three months after the credit agreement was agreed and provided by Moneybarn. So, I do question how Moneybarn would have had sight of this at the application stage, or relied on it as proof of income. In any event, as I've set out above, Moneybarn has provided our service with two months' worth of payslips which it used to verify Mr F's income. So, I don't consider the disputed statement to have been pivotal to the lending decision in any event.

I've seen within a couple of months of the agreement being provided Mr F made Moneybarn aware of financial difficulties, relating to the COVID pandemic. His wage was reduced due to

a reduction in his working hours and later that year he made it aware he was supporting family members financially, which in turn was impacting his finances.

The contact notes show Moneybarn provided Mr F with forbearance and assistance on multiple occasions while the agreement was active; providing payment holidays and agreeing to multiple payment plans in support of his financial difficulties. Ultimately, by 2022 when multiple payment plans had failed, Mr F voluntarily terminated the agreement and was made aware of the outstanding balance that was still owed. Moneybarn have continued to pursue Mr F for this debt, which I don't consider unreasonable, and it has acted reasonably by recording information about the status of the account to credit reference agencies.

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 F, 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 F's complaint about Moneybarn No. 1 Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 10 September 2025.

Richard Turner
Ombudsman