

The complaint

Mrs P, who is represented by a third party, complains that Moneybarn No. 1 Limited, trading as Moneybarn ('Moneybarn'), irresponsibly granted her a conditional sale agreement she couldn't afford to repay.

What happened

In January 2021, Mrs P acquired a used car financed by a conditional sale agreement from Moneybarn. The case price of the car was £5,950. Mrs P was required to make 60 monthly repayments of £197.84. The total repayable under the agreement was £11,672.56.

Mrs P says that Moneybarn didn't complete adequate affordability checks. She says if it had, it would have seen the agreement wasn't affordable.

Moneybarn didn't agree. It said that it carried out a fair assessment which included verifying her income, estimating her monthly expenses and running credit checks.

Our investigator didn't recommend the complaint be upheld. Whilst he couldn't say whether, due to the lack of information, the checks were reasonable and proportionate, he thought that thorough or better checks would have shown the new agreement to be affordable.

As Mrs P and those representing her don't agree with our investigator's findings, the complaint has been passed to me for 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.

We've explained how we handle complaints about unaffordable and irresponsible lending on our website. And I've used this approach to help me decide Mrs P's complaint.

I'd like to reassure Mrs P that I've looked at the complaint afresh and independently reviewed all the available information. Having done so, I am not upholding Mrs P's complaint for broadly the same reasons as our investigator. I'll explain why.

Before granting the finance, Moneybarn says it took steps to assess Mrs P's ability to repay. I don't have a copy of her actual application form, but Moneybarn says she told them she was in full-time employment. Moneybarn says it verified Mrs P's income as being £2,633 per month, using a credit reference agency. Moneybarn also looked at Mrs P's credit history, finding that she'd had a county court judgment registered against her 51 months earlier as well as a number of defaulted accounts, the most recent being 27 months earlier. Moneybarn's checks don't show how much she was paying towards any other existing credit she may have had.

Moneybarn also looked into what Mrs P's monthly expenses were likely to be, using statistical data. It worked those out to be around £900. So it looked as if Mrs P could afford

the new monthly repayments, given that Moneybarn's checks suggested she'd have disposable income of around £1,660, even when allowing for a buffer figure of £65.

I think, given her history of issues with credit and that she was about to take on a five-year credit commitment, it would have been reasonable and proportionate for Moneybarn to have done more to be assured that Mrs P would have been able to repay the new borrowing sustainably. Given what it already knew, I think it would have been proportionate for Moneybarn to have taken steps to gather more detail about Mrs P's financial circumstances before deciding to agree the lending. I realise that Moneybarn said it verified her income, but I haven't seen any detail about this or what if anything it did to establish what her committed spending was each month, beyond relying on statistical data.

As I can't be certain what if anything Mrs P told Moneybarn about her regular expenditure, requesting bank statements would be one way to get a better idea. In Mrs P's case, those representing her have provided us with these and so I've focused on what happened in the three months leading up to the agreement. Our investigator has been through these as well and I'm in broad agreement with what he found.

Mrs P was receiving an average monthly income during this time that was in line with her stated income at the point of application. Her monthly committed spending looked to be higher, at around £1,350. But it still looked as if she'd be left with an average monthly disposable income of around £1,300. That's less than what Moneybarn estimated, but still enough to suggest that the new agreement was likely to be affordable.

I can see that Mrs P seemed to be managing her monthly income and committed outgoings reasonably well. Those representing Mrs P have pointed out that the bank statements show what appear to be various payments being made to and from Mrs P's account to family members. Our investigator previously asked for details about Mrs P's financial circumstances, at the same time as he requested the bank statements, but he didn't receive any answers. Having received the bank statements and noting these transfers our investigator didn't include them as part of his calculations. But even if he had, he thought the new agreement still looked to be affordable. Given that Mrs P has now said these were payments for household bills, albeit without any details, I still consider it likely that Mrs P would be able to meet the new repayments without putting her financial circumstances at risk.

To summarise, I haven't seen enough to show or suggest evidence that Mrs P was in financial difficulty, or at risk of falling into such difficulty, at the time she made her application.

I will add briefly that neither Moneybarn's system notes nor the statement of account I've seen raise any suggestion that Mrs P asked for or was in need of any help and support from Moneybarn. She appears to have been able to meet her repayments without having any significant issues.

It follows that I think Moneybarn made a fair lending decision and I therefore won't be upholding this complaint. I realise this will come as a disappointment to Mrs P.

I've considered whether the relationship between Mrs P and Moneybarn 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 Moneybarn lent irresponsibly to Mrs P or otherwise treated her unfairly. I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

My final decision

For the reasons I've given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 30 December 2025.

Michael Goldberg

Ombudsman