

The complaint

Miss W, who is represented by a third party, complains that Moneybarn No.1 Limited (“Moneybarn”) irresponsibly granted her a conditional sale agreement she couldn’t afford to repay.

What happened

In July 2019, Miss W acquired a used car financed by a conditional sale agreement from Moneybarn. The cash price of the car was £17,388 with Miss W being required to make 60 monthly repayments of £357.42. She paid an advance on the credit of £6,000. The total repayable under the agreement was £27,087.78.

I understand Miss W paid off the agreement in December 2022 with no sums owing on it.

Miss W 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 it carried out a thorough assessment which included verifying her monthly income, checking her credit file and working out what her typical monthly spending was likely to be.

Our investigator looked into the complaint and didn’t recommend it be upheld. She thought Moneybarn hadn’t acted unfairly or unreasonably by approving Miss W for the finance.

As Miss W and those representing her have disagreed, 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 Miss W’s complaint.

Before granting the finance, I think Moneybarn gathered a reasonable amount of evidence and information from Miss W about her ability to repay. I say this because it completed a credit check to understand how Miss W had been managing her existing financial situation. I see from her application that she made Moneybarn aware that she wasn’t in paid employment – although in receipt of state benefits - and was living in her home as a tenant.

Moneybarn says its credit search showed that Miss W had a county court judgment from 60 months earlier plus some defaulted borrowing, the most recent default being from around 61 months earlier. I think it would be reasonable to treat these as historical and not sufficient on its own to make the agreement look to be potentially unaffordable. And I can’t say from what I’ve seen that there were other suggestions of problems with credit she’d had more recently. In terms of what she already owed on credit, Moneybarn worked out that Miss W was having to find £155 each month.

Moneybarn also used statistical information to work out what Miss W's typical monthly spending was likely to be. The regulator has said firms can estimate expenditure unless it knows or there are indicators to suggest an estimate is unlikely to be accurate.

However, just because I think Moneybarn carried out proportionate checks, it doesn't automatically mean it made a fair lending decision. So, I've thought about what the evidence and information showed. Whilst, as I've said above, Miss W had experienced some historical issues with managing her finances, at the point of being approved for the agreement she seems to have been much better with managing her overall financial and debt commitments for quite a while

I've reviewed the information and evidence Moneybarn gathered. Having done so, I'm satisfied that the checks that were completed showed that the agreement was likely to be affordable for Miss W. I say this because, taking into consideration what Moneybarn could see about her typical monthly income – being around £1,600 – she looked able to repay her existing credit debt alongside her regular committed monthly spending items. And I haven't seen any other evidence to show or suggest that Miss W might have been getting into financial difficulty at that time.

It follows that, having taken into account her typical level of monthly household bills and daily expenses, I don't think Moneybarn acted unfairly when approving the finance application. I say this given that its checks showed Miss W's monthly daily expenses and committed expenditure to have worked out at around £860. So, once it added on the £155 she had to pay towards her existing credit, she looked likely to have around £600 available by way of disposable income. From that, Moneybarn had also allowed a buffer of £45.

To summarise, I consider Moneybarn's checks here to have been reasonable and proportionate and so I won't be requiring Moneybarn to do anything more. I think Moneybarn did enough to establish that Miss W would be able to repay the loan on an affordable and sustainable basis.

I will add here that I've seen those representing Miss W have suggested that she fell outside the average borrower profile. Whilst details about a specific consumer's situation can of course vary due to their particular circumstances, I would still expect Moneybarn to carry out a reasonable and proportionate check to satisfy itself that new borrowing was something that a consumer could afford to pay and do so on sustainable basis going forwards. That's why I'm broadly in agreement with what our investigator found. I think based on what it knew about Miss W from her application and its checks, Moneybarn wouldn't be alerted to circumstances that might require better checks. In saying that, I do appreciate there may be times when Miss W could find herself financially stretched. And I realise that Miss W had particular challenges she needed to deal with given her personal situation. Had she wished to, she could have made these known to Moneybarn at the time. So my opinion remains that Moneybarn didn't act unfairly in accepting Miss W for the finance.

I've considered whether the relationship between Miss W 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 Miss W 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 given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 11 December 2025.

Michael Goldberg

Ombudsman