

The complaint

Mr D complains that Moneybarn No. 1 Limited trading as Moneybarn (Moneybarn) failed to assess his creditworthiness and affordability prior to lending to him.

Mr D is represented in this complaint by a professional representative but, for ease, I'll refer to Mr D directly throughout my decision.

What happened

In January 2018, Mr D acquired a used car through a Conditional Sale Agreement (CSA) with Moneybarn. The cash price of the car was £13,510. Mr D made an advance payment of £1,000, with the remaining £12,510 provided as credit through the agreement.

The agreement required Mr D to make 59 monthly repayments of £368.17. On the whole, Mr D met his monthly repayments on time. While two payments failed, both were paid manually by Mr D soon after. The agreement was settled in January 2023.

In August 2024, Mr D complained to Moneybarn that he was mis-sold finance that was unaffordable because of them failing to first adequately assess his financial circumstances. Mr D said Moneybarn's checks were not proportionate as to ensure the repayments to the agreement would be sustainable for him.

Moneybarn didn't think they'd done anything wrong saying they'd undertaken a credit check, verified Mr D's monthly income and had made reasonable considerations for his existing expenses at the time. Moneybarn didn't uphold Mr D's complaint because they were satisfied the finance provided to him was assessed fairly, and the amount offered to him was affordable.

Mr D remained unhappy, so he asked the Financial Ombudsman Service to look into his complaint.

One of our Investigator's looked into things and said they didn't agree Moneybarn had completed proportionate checks. To help their investigation, our Investigator asked Mr D to provide a copy of his credit file and copies of his bank account statements for the three months prior to the application – to allow them to understand his expenditure at the time.

Mr D provided a copy of his credit report but let our Investigator know he was struggling to obtain the statements from his bank so was taking steps to try and resolve the issue.

Having allowed Mr D additional time, our Investigator said while they remained of the opinion Moneybarn's checks weren't proportionate, as Mr D's credit report didn't cover the time of lending and he'd been unable to provide any bank statements, they were unable to determine Moneybarn's decision to lent to him had been unfair.

Mr D disagreed saying it was unfair our Investigator had given an opinion, despite him having provided evidence that his failure to provide statements was due to his bank not providing him with the information required.

Our Investigator said while they acknowledged Mr D's attempts to obtain the statements, the complaint could not be left open indefinitely, as there was no guarantee they would ever be provided. They added that despite their request for Mr D's testimony regarding his previous defaults, nothing had been received.

No further information was provided and as Mr D said if our Investigator wasn't willing to keep the case open, he wanted it to be passed to an Ombudsman, this 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.

Having done so, and I acknowledge it will come as a disappointment to Mr D, I'm not upholding his complaint for broadly the same reasons as our Investigator. I'll explain why.

How we handle complaints about irresponsible and unaffordable lending is explained on our website. It's this approach I've used when deciding Mr D's complaint. Moneybarn needed to ensure they didn't lend irresponsibly which in practice, means they needed to carry out proportionate checks to be able to understand whether any lending was affordable and sustainable for him before agreeing to provide the finance.

The rules that apply to credit agreements are set out in the FCA's consumer credit sourcebook (CONC). Section 5.2A of CONC is relevant here, as – among other things – it talks about the need for businesses like Moneybarn to complete reasonable and proportionate creditworthiness assessments before agreeing to lend someone money.

I've considered these rules by asking the following questions:

- 1) Did Moneybarn complete reasonable and proportionate checks to satisfy themselves Mr D would be able to meet the repayments of the borrowing without experiencing significant adverse consequences?
 - If they did, was their decision to lend to Mr D fair?
 - If they didn't, would reasonable and proportionate checks have shown that Mr D could sustainably repay the borrowing?
- 2) Did Moneybarn act unfairly or unreasonably in some other way?

Did Moneybarn complete reasonable and proportionate affordability checks?

What's considered reasonable and proportionate in terms of the checks a business undertakes will vary dependant on the details of the borrowing and the consumer's specific circumstances at the time.

Here, the total amount repayable under the agreement was around £22,722, with Mr D committing to make 59 monthly repayments of around £368 over a term of 60 months. This was, therefore, a relatively lengthy credit commitment for someone to enter into repaying not an insignificant amount back each month, so my starting point is that I'd expect to see Moneybarn to have completed a thorough affordability check.

Moneybarn verified Mr D's income via his payslip. They could see he earned a net monthly income of around £2,211.

Moneybarn then completed a credit file check from which they could see Mr D had active existing credit accounts with outstanding balances of around £16,300 at the time.

While Moneybarn could see Mr D was managing his active credit commitments well with no accounts in arrears, they could also see he'd defaulted on four further credit accounts, with outstanding balances totalling £39,800 at the time. That said, Moneybarn could also see the most recent of those defaults had occurred 34 months prior, so I think it's reasonable for them to have considered them to be historic and not a true reflection on Mr D's current financial situation.

However, while I don't think what Moneybarn saw, as a result of their checks, ought to have given them reason to decline the application, I'd have expected them to have gained a good understanding of Mr D's expenditure.

Moneybarn recorded that they calculated Mr D's disposable monthly income to have been around £553. But I've not been provided anything to show me what figures they used to calculate his essential expenditure. It follows, for the reasons I've explained, I can't say Moneybarn's checks were proportionate.

But as I've explained above, that doesn't necessarily mean I can uphold Mr D's complaint – I now need to consider whether Moneybarn would've likely been able to fairly decide to lend to him if they had done proportionate checks.

If Moneybarn had done proportionate checks, what would they have found?

To determine what reasonable and proportionate checks might've uncovered, it's important to rely on accurate information from the time the lending application was made.

I'm not saying Moneybarn specifically needed to obtain bank statements as part of their credit worthiness checks. But in the absence of other information, I think they would've been the best way for me to have obtained a good indication of Mr D's expenditure at the time the lending decision was made.

As I've explained, our Investigator asked Mr D for this information some time ago and explained this complaint could not be left open indefinitely. I sympathise with the challenges Mr D has clearly experienced when trying to obtain the information from his bank, but I must also consider around a further two months have now passed, and around four months has passed since the information was first requested.

Unfortunately, Mr D has still been unable to provide copies of his bank statements, nor has he provided the testimony with regards to how much he was repaying towards the outstanding defaults in his name.

Taking everything into account here, from the limited information provided by all parties to this complaint, I can't see anything to suggest that if reasonable and proportionate checks had been completed, it would've uncovered Mr D wouldn't have been able to repay the agreement in a sustainable way. I can't say Moneybarn lent unfairly or irresponsibly here.

I'm not upholding this complaint.

Did Moneybarn act unfairly or unreasonably in some other way?

I've also considered whether Moneybarn acted unfairly or unreasonably in some other way given what Mr D has complained about, including whether its relationship with Mr D might have been unfair under s.140A Consumer Credit Act 1974.

However, for the reasons I've already given, I don't think Moneybarn lent irresponsibly to Mr D or otherwise treated him 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 explained above, my decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 27 October 2025.

Sean Pyke-Milne
Ombudsman