

The complaint

Mr R has complained that MONEYBARN NO.1 LIMITED trading as Moneybarn unfairly provided him with credit for a vehicle.

What happened

In April 2019, Mr R entered into a finance agreement with Moneybarn for the purchase of a car as shown below. Mr R settled the agreement in October 2021.

Date	Amount of credit	Term	Monthly payment	Total repayable
April 2019	£10,942.57	60 months	£368.94	£21,767.46

In February 2025, Mr R complained to Moneybarn with the help of a professional representative. In the complaint, Mr R said he didn't think Moneybarn had lent to him responsibly. He felt it had failed to undertake a reasonable assessment of his creditworthiness at the time of the lending. He's said had Moneybarn completed the appropriate checks it would have found the lending was unsuitable for him and that this led to an unfair relationship.

Moneybarn looked into Mr R's complaint and issued a final response letter explaining it believed it had acted fairly when completing its checks. It said it had confirmed the agreement was affordable by verifying Mr R's income using payslips, asking about his expenditure and using data from the Office for National Statistics (ONS), and checking the information the credit reference agencies held. Moneybarn has said based on the information it found, it believes its decision to lend was fair.

Mr R didn't accept Moneybarn's response, so he referred his complaint to our service with the help of his representative. One of our investigators looked into it, and based on the evidence available, our investigator said she didn't think Moneybarn's decision to lend was unfair.

Mr R's representatives didn't accept what our investigator said and asked for a final decision on the case. As no agreement could be reached, 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.

Having done so, I've reached the same outcome as the investigator for broadly the same reasons.

I think there are key questions I need to consider in order to decide what is fair and reasonable in this case:

- Did Moneybarn carry out reasonable and proportionate checks to satisfy itself that Mr R was able to sustainably repay the credit?
- If not, what would reasonable and proportionate checks have shown at the time?
- Did Moneybarn make a fair lending decision?
- Did Moneybarn act unfairly or unreasonably towards Mr R in some other way?

Moneybarn had to carry out reasonable and proportionate checks to satisfy itself that Mr R would be able to repay the credit sustainably. It needed to assess the likelihood of Mr R being able to repay the credit, as well as considering the impact of the repayments on them.

There is no set list of checks that it had to do, but it could take into account several different things such as the amount and length of the credit, the amount of the monthly repayments, the cost of the credit and the customers circumstances.

Moneybarn has explained that it carried out a credit search to get an understanding of Mr R's situation before it decided to lend. It's said it found a default that had occurred around five months prior to the application but that he had been paying towards this. It also said there was no other adverse information recorded on Mr R's credit file. However, it can no longer provide a copy of the results for that search. Given this, I can't be satisfied that Moneybarn completed proportionate checks. Mr R has provided this service with a copy of his credit file but unfortunately the data doesn't go far enough back for us to understand what Moneybarn would likely have found when completing its credit search.

Moneybarn says it used Mr R's pay slips to verify his income, and the credit file to understand his repayments to other debts, which is reasonable. It calculated that Mr R would have around £1,000 in disposable income. Which is sufficient for him to be able to repay the car finance and still be left with a reasonable sum of money each month. However, it applied estimates for Mr R's regular living expenses using ONS data. This is an approach it's allowed to take under the relevant lending rules. And usually, I would be satisfied that this was a proportionate check. But in this case given Moneybarn says Mr R had defaulted on an agreement only five months before this application I think it would have been reasonable to get a more detailed picture of his expenditure.

There are a number of ways it could have done this, but for the avoidance of doubt, I'm not making a finding here that Moneybarn needed to see Mr R's statements in order to complete its own income and expenditure assessment. Rather I think it needed to accurately establish Mr R's regular essential expenditure. That said in the absence of any other evidence, I think it's reasonable to rely on bank statements to establish what Moneybarn would likely have found had it asked Mr R more questions about his finances.

Mr R was able to provide us with statements for his main account for the three months before the lending. Having considered these it's clear that Mr R was using his overdraft, but he was also regularly transferring money to and from savings. I can also see that as well as his salary, that Moneybarn were aware of, there appeared to be two other lower salaries and benefits that were paid into the account.

Mr R's representatives have argued that Mr R was consistently in his overdraft prior to the lending and had significant other credit commitments. They've said that this indicates that Mr R was struggling financially and that Moneybarn should have known it wasn't fair to lend to him.

I've considered these points, but I don't agree. As I've already said I don't think Moneybarn needed to see Mr R's statements but needed to understand his expenditure. However, I can see from the statements, that even after taking into account Mr R's expenditure on other

debt (including the cost of the overdraft), and essential living costs, Mr R would have been left with around £1,000 a month in disposable income. So, I think had Moneybarn got a more detailed picture of Mr R's circumstances it would still have lent to him.

Overall, I think Moneybarn's checks should have gone further. But based on the information now available, I'm not satisfied the decision to approve the lending was unreasonable.

I can see that Mr R maintained the agreement well with only one late payment that was caught up quickly. And he settled the agreement early in October 2021. So, I haven't seen anything to suggest Moneybarn treated Mr R unfairly throughout the life of the agreement.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. But overall, it's not clear enough to me that Moneybarn created unfairness in its relationship with Mr R by lending to him irresponsibly, or in the way it handled the account under the credit agreement. And I haven't seen anything to suggest that s.140A or anything else would, given the facts of this complaint, lead to a different outcome here. I'm very sorry to disappoint Mr R, but for the reasons set out, I don't find that Mr R's relationship with Moneybarn was unfair, and I can't conclude Moneybarn treated him unfairly in any other way based on what I've seen.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 24 December 2025.

Charlotte Roberts
Ombudsman