The complaint

Ms D, 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 December 2017, Ms D acquired a used car financed by a conditional sale agreement from Moneybarn. The purchase price of the car was £6,750. Having paid a cash deposit of £400, Ms D was then required to make 47 monthly repayments of £284.54. The total repayable under the agreement was £13,773.38.

The agreement ended in September 2021 with no sums outstanding.

Ms D 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 sufficient assessment which included a search of Ms D's credit file and checking her level of paid income. Moneybarn also said it was aware of a previous default around 47 months prior to Ms D taking out the agreement which had been settled.

In my provisional decision dated 1 August 2025 I explained why I wasn't intending to uphold the complaint. Essentially, I said that our investigator had made a fair assumption in finding that the available evidence suggested Ms D could afford the new lending. But having noted that Moneybarn hadn't provided us with the statistical data it had relied on in making its lending decision, I thought Ms D should be given the opportunity to send in her bank statements or similar evidence from the time leading up to the agreement, or any other evidence or information she wished to provide.

I set out an extract below:

"Before granting the finance, I've seen that Moneybarn obtained two payslips from Ms D showing her recent income. It also ran a credit check that showed she wasn't holding any credit at that point and had no recent adverse markings on her credit file. The check did show she'd defaulted on some borrowing around 47 months earlier – with another default some time before that. Given that's almost four years earlier I think it's reasonable to treat that as historic in this case.

Moneybarn often uses statistical data to get an idea of how much a borrower is likely to need for their monthly household and other essential costs. That's something that the regulator has said firms can do provided there aren't indicators to suggest that this type of estimate is might not be accurate. But in Ms D's case, I can't see it did that check. I think it's fair comment by those representing Ms D that it's possible she might have been overstretching herself financially, even if she hadn't taken out credit. On the other hand, I think our investigator made a fair assumption when she said that Ms D was in a stronger financial position as she hadn't been reliant on credit at all for some time. Having noted the two payslips and that Ms D looked to be earning somewhere between £1,100 and £1,300 net *each month, it wasn't unreasonable to say that that the new repayments were likely to be affordable.*

However, I've seen that our investigator requested bank statements from Ms D. Unfortunately, the statements I've seen date from the time of and after the agreement, rather than from the three months before. Those representing Ms D said they were in the process of obtaining the relevant statements, but they didn't reach us. Had they been available I would have been able to review and comment on them.

So I would like to give Ms D and those representing her the opportunity to provide us with those bank statements or other evidence or arguments they have that might affect my current intention not to uphold this complaint. Moneybarn now also has the opportunity to provide me with further evidence or information about the approval process it applied in respect of Ms D's application.

As things stand therefore, I haven't seen enough to show that Moneybarn made an unfair lending decision. So I'm currently minded not to uphold this complaint.

I've also thought about whether Moneybarn could have done more to help and support Ms D during the course of the agreement. I've seen that Ms D had some payment issues and that she was able to agree payment plans to help her to manage them. I see that Moneybarn also took steps to reduce her payments when she was going through some challenging personal circumstances in mid-2019. Whilst I am very sorry to read of this, I don't think Moneybarn can fairly be said to have fallen short in supporting her and ensuring that she was able to continue repaying the agreement on a sustainable basis. I therefore won't be asking Moneybarn to do anything more."

Ms D has now provided us with some more bank statements. These are from a different bank to those provided before. Unlike the earlier ones, these cover the three months leading up to the lending decision. I will comment on these below.

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 Ms D's complaint.

First, I would like to say that I very much appreciate Ms D taking the time and trouble to provide me with the additional bank statements. But having now had the opportunity to review what she's sent us, I haven't seen enough to show or suggest that Moneybarn's lending decision was likely to have been unfair.

I note that the income shown on Ms D's payslips doesn't show up on these bank statements. Perhaps this was paid into another account, but it's not my role to speculate further than that, given I'm satisfied that I've seen evidence of the work income she received in two months prior to the agreement, plus the bank statements previous provided show as this being paid in to her account.

The new statements show some food spending, payment of council tax and some car expenses, including road tax and parking costs. I can't see any credit payments to things such as credit cards or loans – but then given what I know about her credit situation at the time that seems to be consistent. I also see state benefit payments being made each month, totalling just under £1,400 over the period. And there are also BACs payments being paid to her each month of around £138.

Having reviewed these further bank statements and allowing for the evidence of her committed monthly outgoings and work income I've already seen, it looks very likely to me that Ms D would have sufficient disposable income available to her each month with which to meet the new monthly payments of £284.54.

I am sorry to have to disappoint Ms D, but having considered all the available evidence and information, including the bank statements she's now sent in, I've not found sufficient evidence to support upholding this complaint.

I've also considered whether the relationship between Ms D and Moneybarn might have been unfair under Section140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Moneybarn lent irresponsibly to her 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'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms D to accept or reject my decision before 1 October 2025.
Michael Goldberg
Ombudsman