

## **The complaint**

Miss G complains that Moneybarn No 1 Limited approved a vehicle finance agreement for her which she could not afford to repay.

## **What happened**

In late July 2021 Miss G wanted to buy a car and used Moneybarn to assist by applying for a finance agreement with it. The cost of the car was £7,990, Miss G paid a £400 deposit and so the amount to be financed was £7,590. The total amount payable was £18,195.58 for which Miss G was scheduled to pay £301.62 a month for 60 months. Miss G still has the vehicle and is continuing to pay. These are due to end around June 2026.

After Miss G had complained Moneybarn issued its final response letter (FRL) on 26 May 2025. The complaint was referred to the Financial Ombudsman Service and one of our investigators did not consider that Moneybarn needed to put things right. Miss G disagreed and so the unresolved complaint was passed to me to decide. I've read the reasons Miss G has provided as to why she disagreed.

## **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 irresponsible and unaffordable lending on our website. And I've used this approach to help me decide Miss G's complaint. I am not being asked, or expected, to stand in the shoes of the Moneybarn's assessors when the agreement was approved and act as a lender: I am resolving a complaint about whether the approach taken by it was reasonable and proportionate at the time it was taken.

Our website sets out what we typically think about when deciding whether a lender's checks were proportionate. Generally, we think it's reasonable for a lender's checks to be less thorough – in terms of how much information it gathers and what it does to verify that information – in the early stages of a lending relationship. But we might think it needed to do more if, for example, a borrower's income was low, the amount lent was high, or the information the lender had – such as a significantly impaired and recent credit history – suggesting the lender needed to know more about a prospective borrower's ability to repay.

I have reverted to the specific wording and detail in the FCA Consumer Credit Sourcebook (CONC) Chapter 5 on responsible lending to assist me in relation to Miss G's complaint. I do not set out the Financial Conduct Authority (FCA) wording here as it's available online.

When considering whether creditworthiness assessments were reasonable which is what the FCA require it to be, there are a number of considerations to guide Moneybarn that the checks were proportionate: CONC 5.2A.20R and the paragraphs following it. It was not expected that there was a full financial review of every aspect of Miss G's circumstances.

Proportionality can be seen as doing reasonable checks within the full context of the loan application, what it was for and other details. I can't improve on some of the wording in the guide paragraph CONC 5.2A.21:

*Certain factors may point towards a more rigorous assessment and others towards a less rigorous one in which case the firm should weigh up the factors before deciding what type of creditworthiness assessment is required.*

Moneybarn was able to look at the application for credit within its context – here the context being that Miss G wanted to buy this car and has explained to Moneybarn in her letter of complaint, and to us, that it was essential for her to get to work and to transport her dependents around. And I have seen that Miss G was running a car before she took this one as the DVLA instalment payments for a car with a different registration number show on the bank evidence she's sent to us. So, Miss G was fully conversant with the costs of running a car and likely was trading up to a younger model.

Miss G had confirmed with Moneybarn that her income was £2,550 after tax each month. Moneybarn has said that it verified that income and I have seen from the bank account evidence that Miss G's income was £2,497, so that verification procedure was about right.

Moneybarn had used Office for National Statistics (ONS) data to assess that Miss G's total expenditure for housing, council tax, utility bills, car running costs and other living expenses amounted to just over £1,461 each month. This was on the agreement which Miss G confirmed was correct.

The ONS data figures supplied to us by Moneybarn showed a total expenditure figure used of £1,887 which included an affordability margin ('buffer') of around £377 and £49 a month on credit commitments (meaning those not included in its living costs section).

The significance of these figures, including her credit commitment costs, was that Moneybarn had calculated Miss G had an amount left over of just under £663 each month and therefore able to afford the car repayments.

Moneybarn has said it carried out a credit search and has told us *'Unfortunately, we haven't retained full details of the data obtained during the credit check. But I've included below a summary of the data we saw when we decided to lend.'*

The credit file summary shows she had relatively little overall debt. It did show Miss G had a history of County Court Judgments (CCJs) and an unsatisfied one still had around £1,100 left to pay down. I consider them too far in the past (24 months before) to have been much of a concern for Moneybarn. There was other adverse data. The latest defaulted account had been 16 months before and the outstanding balances had reduced to around £1,400.

I know that Miss G's submissions focus on the fact that she had unmanageable debt which Moneybarn ought to have known about or did know of it and failed to factor it in properly before lending. Miss G has said that she was not paying down the July 2019 CCJ and she was not paying off her debts. I address these points later in my decision.

Our investigator considered that Moneybarn ought to have done additional checks. And I agree. The delinquency and default history Moneybarn had obtained warranted some more investigation. One way, but not the only way, to have made some additional checks would have been to ask to review some bank account statements. Miss G has provided us with some for the period leading up to 12 July 2021 which was about 2 weeks before she took the car finance agreement. Miss G sent to us her personal credit file to assist in obtaining the full picture.

Miss G has provided her savings account copies too and I am satisfied that Miss G did not really have savings – she paid one benefit into it and dipped into it to use when needed. This was about £84 a month. Or she transferred money from her main account to her savings to try to ringfence her funds. I am satisfied that most of the funds being transferred to and from the main account is the same money being moved around.

Even if Moneybarn had reviewed bank account statements, that evidence was set out in our investigator's view which were (average figures):

- Credit commitments – £107
- Rent – £500
- Council tax – £200
- Other outgoings – £704
- New Moneybarn payments – £302

Miss G has explained that the water costs were included in her rent and she paid gas/electricity using cash. I can see from our investigator's detailed analysis and calculations that he had added up the cash withdrawals for the months he reviewed. He did not include them but if I include part of those for the cash based payments for utilities, then still Miss G would have had money left over and been able to afford the car.

Miss G was left with around £684 to pay any utilities (using the cash) and leave her with a disposable income, and I think this amount would be considered sufficient.

When I compare these figures taken from her bank statements with the ONS data figures used by Moneybarn I consider them to have been very similar figures. This demonstrates to me that Moneybarn's financial assessment before lending was about right. And even if it had carried out further checks, still it likely would have lent to her.

And the bank account statements and her personal credit file details assist in clearing up a query from Miss G. In the FRL Moneybarn had said '*We could see you were making contributions to paying back the sums owed.*' I know that Miss G has queried that.

I can see from the bank account evidence Miss G has sent to us that she was paying £10 or £15 a month to a debt purchaser and so I think that she was addressing those other debts. And her personal credit file shows that she was paying a different debt management company for two payday loans that had defaulted in the past. Those accounts were satisfied in May 2021.

But I think the statement in the FRL was broadly correct. There's more than one type of evidence to show that Miss G was paying down her debts.

There's reference in the Moneybarn summary of the credit search it carried out that Miss G had taken some home credit loans. But I cannot see these either on her personal credit file or any home credit loans crediting her current account. I can see that she took a fresh loan from a company (now closed down) in late June 2021. It credited her bank account. I have researched that company and it does not appear to have been a home credit lender.

And I've thought about that loan taken in late June 2021. Overall, as Miss G had very little other credit accounts recorded then I do not consider that would have made a difference to Moneybarn's assessment.

Miss G has explained that she had back dated council tax to pay but unless Miss G informed Moneybarn of that £200 a month then I doubt it would have known. Council Tax is not an account reported to credit reference agencies. And in any event Moneybarn had allowed a sum of £127 for council tax in its own calculations so the figures were not that different.

Having a CCJ from 24 months before Miss G applied to Moneybarn, and having some other debts would not necessarily lead Moneybarn to consider that the finance application for a required car ought to be refused. Moneybarn is a company which is used to dealing with applicants with adverse data on their records.

There's nothing in the submissions and evidence from Miss G that lead me to think that the correct outcome of her application to purchase a car which she needed was a refusal of the credit. I do not uphold the complaint. I realise Miss G will be disappointed.

**My final decision**

My final decision is I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 28 January 2026.

Rachael Williams  
**Ombudsman**