

The complaint

Mr R complains that a conditional sale agreement with Moneybarn No. 1 Limited under which a car was supplied to him was unaffordable for him and that the lending was irresponsible. Mr R is being represented by a legal adviser.

What happened

A used car was supplied to Mr R under a conditional sale agreement with Moneybarn that he electronically signed in December 2017. The price of the car was £5,197, Mr R made an advance payment of £500 and he agreed to make 59 monthly payments of £145.67 to Moneybarn. The conditional sale agreement was settled in April 2022 and Mr R's representative complained to Moneybarn in February 2025 about the commission that Moneybarn had paid to the dealer and about the lending.

It said that Moneybarn's decision to provide credit to Mr R was irresponsible, the advancement of credit was unfair and Moneybarn had failed to carry out its duties in assessing the creditworthiness and affordability of the credit to be advanced. Moneybarn said that it was satisfied that the finance provided was assessed fairly and the amount offered to Mr R was affordable. The complaint was then referred to this service and Moneybarn has consented to this service considering the complaint. Mr R's complaint about the commission that Moneybarn paid to the dealer is being dealt with as a separate complaint and this complaint only concerns the lending.

This complaint was looked at by one of this service's investigator's who, having considered everything, didn't recommend that it should be upheld. She wasn't persuaded that Moneybarn conducted proportionate affordability checks to determine whether the agreement was affordable and sustainable for Mr R. She thought that, if it had completed reasonable and proportionate checks, it was likely that it would've seen that the repayment was affordable, so she couldn't say that it had done anything wrong in granting Mr R the finance.

Mr R hasn't accepted the investigator's recommendation and his representative has asked for this complaint to be escalated to an ombudsman. It said that it would be providing more bank statements from Mr R, but hasn't done so.

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.

Moneybarn says that it verified Mr R's monthly income of £3,229.30 by reviewing the payslips that he provided, it conducted a full credit search and made reasonable considerations for his existing expenses and accounted for appropriate non-discretionary expenditure before calculating his monthly repayment. It says that the credit search showed that there was a county court judgement against Mr R, which had been applied for 81 months earlier, and that he was in an individual voluntary arrangement. It has provided evidence to show that the supervisor of that arrangement was contacted and confirmed that she had no objection to Mr R entering into the conditional sale agreement.

Moneybarn was required to make reasonable and proportionate checks to ensure that any credit to be provided to Mr R was sustainably affordable for him, before entering into the conditional sale agreement. As Mr R was in an individual voluntary arrangement, I consider that it would be reasonable to expect Moneybarn to have obtained a detailed understanding of Mr R's financial situation before providing any credit to him.

Moneybarn says that it hasn't retained full details of the data obtained during the credit check. As it's only been able to provide a summary of the data that it saw, I'm not persuaded that it has provided enough evidence to show that it made reasonable and proportionate checks before lending to Mr R. I've therefore considered what it's likely that Moneybarn would have discovered if it had made reasonable and proportionate checks.

Mr R has provided statements from October and November 2017 for a bank account that he holds jointly with his wife. I don't consider that reasonable and proportionate checks would have required Moneybarn to have asked for, and to have reviewed, Mr R's bank statements, but those statements are a good source of information about his financial situation at that time. I consider that bank statements for the three month period before Mr R entered into the conditional sale agreement would give a better understanding of his financial situation, but his representative says that Mr R has only provided those two statements. It said that it would be providing more bank statements from Mr R, but hasn't provided anything further, so I've considered the information shown in the two statements that he's provided.

The investigator calculated from those statements that Mr R's average committed monthly expenditure was £1,570. Deducting that from his verified monthly income of £3,229.30 would have left him with an average monthly disposable income of about £1,660 and I consider that it would have been reasonable for Moneybarn to have concluded that he would have been able to sustainably afford a conditional sale agreement with a monthly payment of £145.67.

The conditional sale agreement has been settled and I'm not persuaded that there's enough evidence to show that it wasn't affordable for Mr R or that Moneybarn provided the credit to him irresponsibly. I've also considered whether Moneybarn acted unfairly or unreasonably in some other way, including whether its relationship with Mr R might have been unfair under section 140A of the Consumer Credit Act 1974. Having done so, I've not seen anything that makes me think that that was likely to have been the case.

I've carefully considered all of the evidence that Mr R and his representative have provided about this complaint, but I'm not persuaded that there's enough evidence to show that Moneybarn has acted incorrectly. I find that it wouldn't be fair or reasonable in these circumstances for me to require Moneybarn to refund to Mr R any of the interest that he's

paid to it under the conditional sale agreement, to pay him any compensation or to take any other action in response to his complaint.

My final decision

My decision is that I don't uphold Mr R's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 8 December 2025.

Jarrold Hastings
Ombudsman