

The complaint

Mr H complains through a representative that Moneybarn No.1 Limited trading as Moneybarn ("Moneybarn") lent to him without carrying out sufficient affordability checks.

What happened

In August 2016, Moneybarn provided Mr H with a conditional sale agreement for a used car through a credit intermediary. The vehicle had a cash price of £4,990 and a £400 cash deposit was paid meaning £4,590 was financed. If Mr H made the payments in line with the agreement, he would've been required to pay £8,267.28 worth of interest, fees and charges with a total to repay of £13,257.28. The agreement was to be repaid by 59 monthly repayments of £217.92.

Moneybarn says the agreement was terminated in April 2019 before Mr H settled the balance in July 2019.

Moneybarn explained why it considered it fairly assessed the finance as being affordable. Unhappy with the response Mr H then referred the complaint to the Financial Ombudsman.

Mr H's complaint was considered by an Investigator who concluded the checks carried out by Moneybarn were proportionate and showed the agreement to be affordable. Mr H didn't agree, saying in summary.

- Moneybarn should've done more to check his income beyond asking for one pay slip.
- Moneybarn has said a credit check was completed but didn't provide any evidence of it.
- Mr H's defaulted balance showed he was struggling to keep up with his existing agreements, and this should've prompted further checks to be conducted.

These points didn't change the investigator's mind and as no agreement has been reached, the complaint has been passed to an ombudsman for a decision.

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.

This decision will only deal with Mr H's complaint about Moneybarn's decision to lend. His other complaint against Moneybarn to do with car finance commission has been set up under a different complaint reference number.

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 Mr H's complaint. Having carefully thought about everything I've been provided with, I'm not upholding Mr H's complaint. I'd like to explain why in a little more detail.

Moneybarn needed to make sure that it didn't lend irresponsibly. In practice, what this

means is that Moneybarn needed to carry out proportionate checks to be able to understand whether any lending was sustainable for Mr H before providing it.

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 credit history – suggested the lender needed to know more about a prospective borrower's ability to repay.

Moneybarn as part of the application process took a copy of a recent payslip which confirmed in June 2016 Mr H earned £1,766 per month. Mr H's representative has questioned whether it's fair to have relied on the contents of one payslip when income can fluctuate.

But, the regulations require Moneybarn to not solely rely on an applicant's declaration of income. And in this case it didn't – Moneybarn requested and saw a copy payslip and then adjusted the income down to £1,715 for the purposes of the affordability assessment. I consider this to be fair and reasonable.

Moneybarn then conducted a credit search and it has provided a summary of the results that it saw. It confirmed that Mr H didn't have any County Court Judgements or other types of insolvency. There were also no recent missed payments.

Moneybarn was aware of four defaulted accounts – but the most recent of these defaults was recorded 28 months before the agreement was entered into and as such I think it was fair for Moneybarn to have considered that to be historic and not reflective of Mr H's current financial position.

Indeed, excluding the defaulted accounts Mr H appeared to have very little in the way of other outstanding debt – with revolving credit balances of only £87. Moneybarn was entitled to rely on the results of the credit check it conducted because it didn't have anything else to suggest that the results were in anyway inaccurate or couldn't be relied upon.

In terms of working out Mr H's likely monthly disposable income Moneybarn has said.

"We made reasonable considerations for your existing expenses and account for appropriate non-discretionary expenditure before calculating your monthly repayment"

Moneybarn appears to have taken the declared income and assumed that Mr H was spending at least 75% of his income on his needs each month. As such that left a calculated disposable income of over £400 per month. Given the information Moneybarn had to hand that was a reasonable and proportionate check.

Mr H's representatives provided copy bank statements – I don't think Moneybarn needed to review these but even if I thought they did need to do more – to be clear I don't think that - the statements provided wouldn't have been too much help. Given they cover a period of around two years after the finance was approved.

In my view Moneybarn conducted proportionate checks before it lent to Mr H bearing in mind it had checked his income, the lack of recent adverse payment information and the low level

of existing debt. The agreement looked affordable and therefore I do not uphold Mr H's complaint.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Moneybarn lent irresponsibly to Mr H or otherwise treated him unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

My final decision

For the reasons set out above, I do not uphold Mr H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 29 December 2025.

Robert Walker
Ombudsman