

The complaint

With the help of a professional representative (PR), Mr B complains that Moneybarn No. 1 Limited lent to him irresponsibly. For ease, I'll refer to the actions of the PR as being those of Mr B.

What happened

Mr B took a finance agreement with Moneybarn to help him acquire a used car. The agreement was on the following terms:

Date	Amount of credit	Term	Monthly repayment	Total payable
10 February 2022	18,798	60 months	£470.59	£28,733.81

Mr B made all the payments to the agreement on time until he settled it early in August 2024.

On 17 December 2024, Mr B complained to Moneybarn. He said that if appropriate checks had been undertaken, Moneybarn would have realised the finance would be unaffordable for him. He said he had told it about difficulties with his repayments, but it had offered no assistance so he struggled to pay for essentials. He said Moneybarn had extended or topped up the loan despite his difficulties in paying it. To resolve his complaint, he asked Moneybarn to refund interest and charges he'd paid plus 8% statutory interest.

Moneybarn looked into Mr B's complaint and issued a final response letter. It explained the checks it had carried out before agreeing to lend and it was satisfied the repayments were affordable for him at the time. It didn't uphold Mr B's complaint.

Mr B didn't accept Moneybarn's response, so he referred his complaint to our service. Our investigators looked into it and didn't uphold it. They felt the evidence of the checks Moneybarn provided didn't go quite far enough to demonstrate it had verified Mr B's income and expenditure as well as it might have, given the size and length of this agreement. But the investigators looked at Mr B's bank statements for the three months before his application and felt Moneybarn would still have agreed to lend to him had it carried out further checks. They felt Moneybarn had reached a fair decision to lend to Mr B.

Mr B didn't agree with our investigators so, as there was no agreement, the complaint has been passed to me 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.

We've set out our approach to complaints about irresponsible and unaffordable lending on our website – including the key relevant rules, guidance, good industry practice and law. I've considered this approach when deciding this complaint.

Moneybarn needed to carry out reasonable and proportionate checks to ensure that it didn't lend to Mr B irresponsibly. I think there are key questions I need to consider in order to decide what is fair and reasonable in the circumstances of this complaint:

- Did Moneybarn carry out reasonable and proportionate checks to satisfy itself that Mr B was in a position to sustainably meet the repayments?
- 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 B in some other way?

Moneybarn had to carry out reasonable and proportionate checks to satisfy itself that Mr B would be able to repay the finance sustainably. It's not about it assessing the likelihood of it being repaid, but it had to consider the impact of the repayments on him. 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 agreement, the amount of the repayments and the overall circumstances of the borrower.

When he applied for the finance, Mr B declared a net monthly income of £2,548 which Moneybarn says it verified using an online tool provided by a credit reference agency. Moneybarn checked his credit file and used what it saw to calculate a figure for his commitments to his existing credit. It saw Mr B had previously defaulted on four accounts, but the most recent was 2½ years before this application and all had been settled.

Moneybarn then used data provided by the Office for National Statistics (ONS) to estimate Mr B's other expenditure. It calculated Mr B had total monthly expenditure of £1,830 which meant he had a monthly disposable income of £718 from which to pay this agreement.

So on the face of it, the checks Moneybarn carried out were reasonable and proportionate. But it has not provided evidence of the verification of Mr B's income and expenditure, so I can therefore say the checks were completed on this basis.

But Mr B has provided copies of his bank statements for three months before his application, so I've looked at those to understand more about his financial circumstances at the time. Having done so, I can see that his average income over that period was actually higher than he'd quoted - £3,400 or so. After clarification of some of the transactions, I was able to calculate his disposable income as around £820 *after* allowing for the repayment to this finance agreement. I've seen no sign from the account that Mr B was experiencing financial difficulty at the time.

So I think if Moneybarn had done more to verify Mr B's actual income and expenditure – perhaps by looking at the statements I've seen - it would have been satisfied that the agreement was affordable for him. It follows that I think Moneybarn would still have agreed to lend to Mr B and that it reached a fair decision when it did so.

Did Moneybarn act unfairly or unreasonably towards Mr B in some other way?

I've carefully read and thought about everything Mr B and Moneybarn have said in this complaint. I've seen nothing in the notes provided which shows that Mr B contacted Moneybarn about difficulties repaying the agreement, so I can't say it has treated him unfairly in that regard

I note that Mr B said Moneybarn had extended or topped up this agreement, but I have seen no evidence of that. This agreement was for a specific purpose – the acquisition of a car –

and the money under it was paid directly to the dealer rather than to Mr B himself. There would be no need to top up the agreement (as the dealer had been paid for the car at the outset) and I've seen no indication that there was any extension to it as he repaid it in full much earlier than necessary.

For the reasons I've already given, I don't think Moneybarn lent irresponsibly to Mr B or otherwise treated him unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A of the Consumer Credit Act 1974 would, given the facts of this complaint, lead to a different outcome here.

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 B to accept or reject my decision before 27 October 2025.

Richard Hale
Ombudsman