

The complaint

Mr J complains that Moneybarn No.1 Limited trading as Moneybarn ("Moneybarn") gave him finance without carrying out sufficient affordability checks.

What happened

In November 2021, Moneybarn provided Mr J with a conditional sale agreement for a used car through a credit intermediary. The vehicle had a cash price of £13,500 and Mr J paid an advance payment of £1,396, so £12,104 was financed. If Mr J made the payments in line with the agreement, he would've been required to pay £6,101.63 worth of interest, fees and charges with a total to repay of £19,601.63. The agreement was to be repaid by 59 monthly repayments of £308.57. Moneybarn's statement of account shows the agreement was settled in June 2023.

Following the complaint through Mr J's representative, Moneybarn issued its final response letter, and it didn't uphold the complaint because it considered that it fairly assessed the loan as being affordable.

The complaint was then referred to the Financial Ombudsman where it was considered by an Investigator. In their latest assessment the Investigator concluded Moneybarn ought to have done more before lending given the monthly credit commitments Mr J already had. But had further enquires been made with Mr J then it still would've thought the agreement was affordable.

Mr J's representative disagreed saying, in summary.

- It agreed with the income figure used by the Investigator but thought the expenditure figure was too low.
- His existing debt payments were around £630 per month – and overall, his expenditure was around £1,285 per month.
- Mr J also financially assisted his daughters who were struggling at the time.
- Overall, Mr J didn't have enough disposable income to be able to afford the repayments towards the agreement and any payments were only made because he had savings – which weren't sufficient to cover this long term.

These comments 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.

Mr J has also raised a complaint about whether any motor finance commission was paid but that is not being addressed in this decision as there was a separate complaint to deal with it.

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 J's complaint. Having carefully thought about everything I've been provided with, I'm not upholding Mr J'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 J 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 details of Mr J's monthly income which he declared was £1,250. Moneybarn didn't just rely on what it was told. It cross checked the income with a tool provided by a credit reference agency and it says the results indicated that what Mr J had declared was likely to be accurate. It was therefore reasonable of Moneybarn to have relied on the income figure declared by Mr J for its affordability assessment. His representative accepts the income figure in any event.

Moneybarn then went about working out what Mr J's likely monthly living costs were – and for this it used figures derived from the Office of National Statistics – Moneybarn considered that Mr J's outgoings came to £604.52. Taking account of the credit search results Moneybarn worked out that Mr J's existing credit commitments came to £226 per month. Overall, Moneybarn worked out that Mr J's likely outgoings came to around £830.52 per month – which left sufficient disposable income to afford the loan payments.

Moneybarn has also said it carried out a credit search, and I've reviewed the summary it provided to see whether it gave any indication that the finance would be either unaffordable or unsustainable for Mr J.

The summary information showed Mr J already had existing total debt of £7,826 – with the majority of this connected to non-revolving credit facilities meaning loans. It knew there were no defaults or recent missed payments on the credit file. But Moneybarn was told that 67 months before the agreement Mr J had a County Court Judgement (CCJ) recorded against him for £1,100. Superficially, I don't think the credit check results would've been too concerning. The CCJ was many years before.

However, while the summary document indicated that some years ago Mr J had financial problem, it didn't suggest any recent financial difficulties or that he was over indebted. However, Moneybarn has also provided the more detailed results that it received from the credit reference agency and this does show a discrepancy between the data it received and what it has recorded in the summary document and used for the affordability assessment.

This document confirmed that Mr J had a CCJ from 2016 but he actually had £8,391 of existing debt. At the time Moneybarn knew that Mr J had a current account, a telecoms type account, two credit cards, a loan, existing car finance and a home credit loan. Having looked at the monthly payments that Mr J had – it looks like that his existing creditors were costing him £620 per month. This is significantly more than the £226 Moneybarn said Mr J had.

I would also point out that the existing car finance agreement Mr J had before he took this one was costing Mr J £216 per month, and he'd made all the payments as expected. The dealership invoice to Moneybarn suggests that as part of this agreement being entered into the vehicle was part exchanged. I say this because there is a part exchange and settlement value included.

So, moving forward Moneybarn could've reasonably concluded that the £216 was going to be replaced with the £303 that he was due to pay it. So, the price to change was about £87 each month. I also think it would've been reasonable for Moneybarn to consider Mr J's good repayment history on a previous agreement as an indication he was able to sustainably make the payments – albeit these were for around £87 per month more. But nonetheless, taking account of the ONS data and the credit commitments contained with the fuller report provided – it left Mr J with very little money left over each month to be able to afford the agreement.

This has led me to conclude, for broadly the same reasons as the Investigator that more checks were needed by Moneybarn given its own credit check results indicated that the agreement was barely affordable and in a situation where it had only used statistical data to try and establish what Mr J's likely monthly living costs were.

Moneybarn could've gone about making further enquires a number of ways. It could've simply asked him what his living costs were, asked for evidence from Mr J about his bills, requested any other documentation or as I've done, it could've asked for copy bank statements.

But to be clear, I've only used the bank statements to get an idea of what Mr J's regular living costs are likely to have been like at the time – I've not done this because I think Moneybarn ought to have requested this information as part of underwriting this loan.

I accept had Moneybarn conducted proportionate checks it may not have seen all the information that I have seen. But, in the absence of Moneybarn conducting a proportionate check I do think it's fair and reasonable to consider the bank statements that I now have access to. And having looked at the statements, I've come to the same conclusions as the Investigator for broadly the same reasons.

I can see payments for the existing car agreement, car tax, insurance, credit cards, existing loans and a weekly payment to a local council which I believe is likely to be rent. But whether it is rent (or not) doesn't make any difference as this been considered part of Mr J's regular outgoings. On top of this I can see that Mr J's weekly income does fluctuate at times, and at times is significantly greater than the figure used by Moneybarn as part of the application.

I accept there are multiple transfers each month between the main current account and the savings account Mr J has which during the months before the finance was given contained enough money to at least fund payments to Moneybarn for over a year. And of course, as part of any application Moneybarn may well have been entitled to rely on not just Mr J's income but also any savings that he had.

I can understand that Mr J when needed helped his daughters out with money – but this seems to be sporadic and not guaranteed at a set level each month and so I wouldn't have expected Moneybarn to have taken the payments I've seen into account.

Finally, there also isn't anything from the bank statements to suggest that Mr J was having or likely having financial difficulties at the time, such as returned direct debits or missed payments. Or any other information that Moneybarn may have seen that would've suggested he was struggling.

So, taking into account what I've seen in the statements I've concluded that had Moneybarn conducted further checks into Mr J's non-discretionary living costs it still would've concluded the lending was affordable for Mr J and so I am not upholding the 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 J 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 I've outlined above, I am not upholding Mr J's complaint.

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

Robert Walker
Ombudsman