

## **Complaint**

Mr C complains that Moneybarn No.1 Limited (trading as “Moneybarn”) unfairly entered into a conditional sale agreement with him. He’s said the payments to this agreement were unaffordable and so he shouldn’t have been accepted for it.

## **Background**

In January 2019, Moneybarn provided Mr C with finance for a used car. The cash price of the vehicle was £10,927.00. Mr C paid a deposit of £732 (which was made up of a cash payment of £532 and a part-exchange of £200 Mr C received for his existing car) and applied for finance to cover the remaining £10,195.00 he needed to complete the purchase. Moneybarn agreed to provide this finance through a conditional sale agreement.

The conditional sale agreement had total interest, fees and charges of £10,085.66. The balance to be repaid of £20,280.66 (which does not include Mr C’s deposit) was due to be repaid in 59 monthly instalments of £343.74.

Mr C’s complaint was subsequently considered by one of our investigators. She thought that proportionate checks would have shown Moneybarn that it shouldn’t have entered into this finance agreement with Mr C. So she thought that Mr C’s complaint should be upheld.

Moneybarn disagreed with our investigator and the complaint was passed to an ombudsman for a final decision.

## **My provisional decision of 15 September 2025**

I issued a provisional decision – on 15 September 2025 - setting out why I wasn’t intending to uphold Mr C’s complaint.

In summary, I was satisfied that that proportionate checks wouldn’t have prevented Moneybarn from lending to Mr C. In these circumstances, I was of the view that it wasn’t unfair for Moneybarn to have lent to Mr C.

## **Moneybarn’s response to my provisional decision**

Moneybarn didn’t respond to my provisional decision or ask for any additional time in order to do so.

## **Mr C’s response to my provisional decision**

Mr C responded to say that it wasn’t fair for me to rely on any income that might have been declared at the time rather than what his bank statements showed. This was particularly bearing in mind that the investigator relied on the bank statements.

While the information in the explanation document suggests that the agreement was affordable, when his actual expenditure is deducted from his actual income it's clear that the monthly payments to this agreement were unaffordable for him.

## **My findings**

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 Mr C's complaint.

Having carefully considered everything, including events since my provisional decision, I'm still not upholding Mr C's complaint. I'll explain why in a little more detail.

I think that it would be helpful for me to set out that we consider what a firm did to check whether loan payments were affordable (asking it to evidence what it did) and determine whether this was enough for the lender to have made a reasonable decision on whether to lend.

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.

That said, I think that it is important for me to explain that our website does not provide a set list of mandated checks that a lender is expected to carry out on every occasion – indeed the regulator's rules and guidance did not and still do not mandate a list of checks to be used. It simply sets out the types of things that a lender could do.

It is for a lender to decide which checks it wishes to carry out, although we can form a view on whether we think what was done was proportionate to the extent it allowed the lender to reasonably understand whether the borrower could make their payments. Furthermore, if we don't think that the lender did enough to establish whether the repayments to an agreement was affordable, this doesn't on its own mean that a complaint should be upheld.

We would usually only go on to uphold a complaint in circumstances where we were able to recreate what reasonable and proportionate checks are likely to have shown – typically using information from the consumer – and this clearly shows that the repayments in question were unaffordable.

I've kept this in mind when deciding Mr C's complaint.

Moneybarn says it agreed to this application after Mr C provided details of his monthly income, which it cross checked against information from credit reference agencies on the amount of funds going into his main bank account and some information on his expenditure. It says it also carried out credit searches on Mr C which showed that he didn't have any county court judgments ("CCJ") obtained against him. It hasn't said anything about whether it was aware of Mr C having defaulted on any previous commitments.

In Moneybarn's view, when reasonable repayments to the credit commitments Mr C already had are combined with estimates of his living costs and then deducted from his income, he had enough left over to be able to make the monthly repayments to this agreement. On the

other hand, Mr C says his existing commitments meant that these payments were unaffordable and there was no way he was going to be able to maintain them.

I've thought about what Mr C and Moneybarn have said.

The first thing for me to say is that having considered the information provided by both sides, while Mr C did have some existing credit commitments, he doesn't appear to have had any significant adverse information – such as defaults or county court judgments (“CCJ”) recorded against him.

Be that as it may, I still think that in order for its checks to have been proportionate, Moneybarn would have needed to obtain an understanding of Mr C's actual living costs and his income (as well as what it appears to have known about his credit commitments), given the amount lent, the total cost of the agreement and the monthly payments. What I've seen doesn't suggest that Moneybarn did obtain this before lending. So I'm not prepared to accept that the checks carried out were reasonable and proportionate.

As I'm not persuaded that Moneybarn did carry out sufficient checks, I've decided what I think Moneybarn is more likely than not to have seen had it obtained further information from Mr C, based on the information that he's now been provided. As I've explained, I would have expected Moneybarn to have had a reasonable understanding about Mr C's regular living expenses as well as his income and existing credit commitments before lending.

However, what has been provided leads me to think that even if Moneybarn's checks had extended into finding out more about Mr C's living expenses, I don't think this would have made a difference to its decision. I say this because when what Mr C's actually committed living expenses are added to the credit commitments Moneybarn knew about as a result of its credit search and then deducted from the income Mr C declared Mr C could sustainably make the repayments due under this agreement.

I note that in his response to my provisional decision Mr C has said it was unfair for me to rely on what Moneybarn says he declared as his income as he was earning less than this. He has also said that he doesn't recall declaring the figure that Moneybarn relied on either. Mr C may not recall that he declared a monthly income of £1,375.00. However, he electronically signed a document confirming that he earned no less than this. I would have expected him to have taken steps to correct matters, rather than signing this document, if he hadn't made such a declaration, or the information was inaccurate.

Furthermore, Moneybarn didn't simply rely on this declaration, it cross checked it against information from credit reference agencies on the amount of funds going into his main bank account. As this cross checking said that this income was plausible, I'm satisfied that Moneybarn was entitled to rely on this.

Mr C has also said that he was withdrawing cash and making transfers to his roommate in order to cover his rent and bills. Our investigator accepted that at least some of what Mr C said was plausible. Mr C says that I should also accept that this is the case. I can understand why Mr C may prefer the investigator's conclusions. However, I don't think that they are tenable given everything else on file.

I say this as the cash withdrawals aren't consistent. Mr C says that these withdrawals aren't consistent because he didn't pay his friend a set amount. If that's the case, I don't see how I can reasonably reach the conclusion that he paid £550 a month in living costs in circumstances where in these same submissions he also says that he didn't pay his friend a set amount.

Furthermore, there isn't any sort of reference attached to the transfers Mr C was making that identifies these transfers being for bill payments. Without such a label being attached, it isn't clear that these were payments for rent and/or bills, rather than something else. So I'm not persuaded to make the finding that the investigator has in relation to the bank transfers concerned being for rent and bill payments.

I also have to consider Mr C's most recent submissions regarding his rent and other expenditure are being made in support of a claim for compensation. It's fair to say that at the time at least, Mr C clearly wanted the car he's chosen and any explanations he would have provided are more likely to have been with a view to persuading Moneybarn to lend, rather than highlighting any unaffordability.

I say this because while Mr C says that if he was asked about his living costs he would have declared this, this isn't supported by the available evidence. In particular, the finance explanation document, which as I've already explained Mr C electronically signed at the time of his application, highlighted that Moneybarn's decision to lend was based on him having a total non-discretionary monthly expenditure of around £670.

Given Mr C signed this declaration, it's unclear to me why he signed this if he believed the finance to have been unaffordable and he now says that he would have provided his actual expenditure if he had been asked to disclose this.

This is particularly as the living costs he now says that he had aren't clearly substantiated by the bank statements he's provided. For the avoidance of doubt while I've noted what Mr C and our investigator has said about what Mr C's bank statements show – this is to some extent irrelevant as Moneybarn wasn't required to request bank statements from Mr C in the first place.

Finally, while I accept that this isn't in itself determinative, I do think that it is nonetheless worth noting that Mr C not only made his payments when they fell due for the period the agreement was active, he cleared the finance in full well ahead of its scheduled end date. This contradicts Mr C's submissions. It's hard to see how Mr C would have been able to make his payments in this way – let alone pay the amount to settle the finance early – with the level of disposable income he now says he had.

In reaching my conclusions, I've also considered whether the lending relationship between Moneybarn and Mr C might have been unfair to Mr C under section 140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I don't think Moneybarn irresponsibly lent to Mr C or otherwise treated him unfairly in relation to this matter. And I haven't seen anything to suggest that section 140A CCA or anything else would, given the facts of this complaint, lead to a different outcome here.

Overall and having considered everything, I'm satisfied that Moneybarn didn't do anything wrong when deciding to lend to Mr C - it seems to me that reasonable and proportionate checks will have shown the monthly payments to this agreement to have been affordable. So I'm not upholding this complaint. I appreciate that this will be disappointing for Mr C. But I hope he'll understand the reasons for my decision and at least consider that his concerns have been listened to.

### **My final decision**

For the reasons I've explained above and in my provisional decision of 15 September 2025, I'm not upholding Mr C's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 30 October 2025.

Jeshen Narayanan  
**Ombudsman**