

## The complaint

Mr R, who is represented by a third party, complains that Moneybarn No.1 Limited (“Moneybarn”) irresponsibly granted him a conditional sale agreement he couldn’t afford to repay.

## What happened

In December 2020, Mr R acquired a used car financed by a conditional sale agreement from Moneybarn. The cash price of the car was £5,995 with Mr R being required to make 48 monthly repayments of £221.98. The total repayable under the agreement was £10,443.06.

Mr R settled the agreement in December 2024.

Mr R says that Moneybarn didn’t complete adequate affordability checks. He says if it had, it would have seen the agreement wasn’t affordable.

Moneybarn didn’t agree. It said that it carried out a thorough assessment which included verifying his income, checking his credit file and working out what his typical monthly spending was likely to be.

Our investigator looked into the complaint and didn’t recommend upholding it. He thought Moneybarn carried out proportionate checks and hadn’t acted unfairly or unreasonably by approving Mr R for the finance. Those representing Mr R disagreed, raising a number of points about Mr R’s financial situation before he was given the finance, to which our investigator responded.

As Mr R and those representing him are still in disagreement, 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 explained how we handle complaints about unaffordable and irresponsible lending on our website. And I’ve used this approach to help me decide Mr R’s complaint.

Before granting the finance, I think Moneybarn gathered a reasonable amount of evidence and information from Mr R about his ability to repay. I say this because it completed a credit check to better understand how Mr R had been managing his existing credit arrangements also verified the income Mr R had put on his application from his full-time occupation, being £2,200. It also used statistical information to see how much he typically needed to spend each month in household and other committed costs.

Moneybarn says its credit search showed that Mr R had defaulted on some credit previously, with the most recent default being from around 11 months earlier. He'd been making repayments towards paying off the most recent as well as the earlier defaulted accounts. So I don't think this factor alone was enough to show the agreement was likely to be unaffordable. And I can't say that I've seen any significant evidence of problems such as account defaults or arrears building up with other credit he'd had more recently. In terms of what he already owed on credit, Moneybarn worked out that Mr R owed around £500 in credit card type debt and £5,000 in loan debt.

Moneybarn also used statistical information to work out what Mr R's typical monthly spending was likely to be. The regulator has said firms can estimate expenditure unless it knows or there are indicators to suggest an estimate is unlikely to be accurate.

However, just because I think Moneybarn carried out proportionate checks, it doesn't automatically mean it made a fair lending decision. So, I've thought about what the evidence and information showed. Whilst, as I've said above, Mr R had experienced some historical issues with managing his finances – and a comparatively recent issue as well – Moneybarn found him to be in good general control of his financial and debt commitments in the six months before his application.

I've reviewed the information and evidence Moneybarn gathered. Having done so, I'm satisfied that the checks that were completed showed that the agreement was likely to be affordable for Mr R based on what it found. I say this because, taking into account his verified monthly income, Mr R looked able to repay the credit debt he owed alongside his regular committed monthly spending items, along with the new agreement. I also agree with our investigator that his recent credit history showed improvement and therefore suggested that Mr R would be better placed to repay the new agreement on an affordable and sustainable basis.

Those representing Mr R have suggested this could have been around £5-600, although from the credit report he provided this seems to relate at least in part to credit taken out later. However, the £58 Moneybarn allowed for credit repayments looks low for a credit debt of £5,500. Moneybarn said that after deducting his total expenditure of £826 from his income, Mr R would be left with just under £1,400 by way of disposable income. On the face of it, that's a good margin for him to be able to afford the new repayments of £222. And I think it would cover his additional credit costs whilst still leaving him with funds for non-essential items.

I will add here that I don't think other factors regarding Mr R's circumstances, including his age and the number of times he'd changed address, necessarily meant that Moneybarn had an obligation to carry out further checks than it did.

It follows that I'm in broad agreement with what our investigator. Mr R was likely to have sufficient disposable income to cover the monthly repayments due under the new agreement. So I don't think that Moneybarn acted unfairly in accepting Mr R for the finance.

It follows that, having taken into account his income, credit debt and typical level of monthly household bills and other expenses, I don't think Moneybarn acted unfairly when approving the finance application.

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

## **My final decision**

For the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 19 December 2025.

Michael Goldberg  
**Ombudsman**