

The complaint

Miss D and Mr S complain that a conditional sale agreement with Moneybarn No. 1 Limited, under which a car was supplied to them, was unaffordable for them and that the lending was irresponsible. They're being represented in their complaint by a legal adviser.

What happened

A used car was supplied to Miss D and Mr S under a conditional sale agreement with Moneybarn that they signed in May 2017. The price of the car was £6,630 and they agreed to make 59 monthly payments of £212.64 to Moneybarn. The agreement was fully paid and settled in May 2022 but Miss D and Mr S's representative complained to Moneybarn in June 2024 that the agreement was unaffordable for Miss D and Mr S and that the lending was irresponsible. Their representative also complained about the commission that was paid by Moneybarn to the dealer.

Moneybarn said that it was satisfied that the finance provided was assessed fairly, and the amount offered to Miss D and Mr S was affordable. A complaint was then made to this service about the commission and the lending. The complaint about commission is being dealt with separately. The complaint about unaffordable and irresponsible lending was looked at by one of this service's investigator's who considered the complaint to be within this service's jurisdiction. Having considered everything, she didn't recommend that the complaint should be upheld. She said that the only check that Moneybarn had been able to evidence was income verification for Mr S, so she was unable to say that the checks it completed were reasonable and proportionate. She thought that if Moneybarn had completed reasonable and proportionate checks it's likely it would've seen that the repayment appeared affordable.

Moneybarn then raised concerns about this service's jurisdiction to consider the complaint. The investigator said that Miss D and Mr S had complained to this service within three years of becoming that they had cause for complaint, meaning that their complaint is within jurisdiction. Moneybarn then said that it doesn't consent to this service investigating this complaint. I've issued a separate decision in which I've explained why I consider that this service is able to consider Miss D and Mr S's complaint.

Miss D and Mr S's representative says that Miss D and Mr S don't accept the investigator's recommendation and have asked for their complaint to be considered by an ombudsman. The representative says that: although it looks like Mr S was making a bit of money, it was only a temporary job and that Mr S wasn't there for long; Miss D and Mr S were paying £100 each month to his father who had lent them £1,000 for the deposit on their rented accommodation; and Miss D was making monthly standing order payments towards her credit card debts. The representative says that those payments reduced their disposable income, the agreement was unsuitable, the finance was provided irresponsibly and the lending was unaffordable.

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.

Miss D and Mr S applied to Moneybarn for finance to pay for a car to be supplied to them and they signed the conditional sale agreement in May 2017. Miss D says that they both had bad credit so she had to be a guarantor on the finance agreement. The conditional sale agreement shows that the finance was provided to both Miss D and Mr S jointly as the customer and that there was no guarantor for the finance.

Moneybarn says that the checks on which it based its decision to offer them car finance included a full credit search and verification of Mr S's monthly income of £1,893.12 by reviewing the bank statements that he'd provided. It says that it hasn't retained full details of the data obtained during the credit check.

Moneybarn was required to make reasonable and proportionate checks to ensure that any credit provided to Miss D and Mr S was sustainably affordable for them, before entering into the conditional sale agreement. I consider that the checks that Moneybarn says that it made would have been reasonable and proportionate in these circumstances, but as the only check that Moneybarn has been able to evidence that it made is the verification of Mr S's income, I don't consider that it has provided enough evidence to show that it made reasonable and proportionate checks.

I've considered what reasonable and proportionate checks were likely to have shown if they'd been made, but Miss D and Mr S's representative also hasn't been able to provide suitable credit reports for Miss D and Mr S from the time of their application. Miss D and Mr S have provided copies of bank statements for the period leading up to the application which show some of the information about their financial position that reasonable and proportionate checks were likely to have shown. I don't consider that Moneybarn was required to have obtained bank statements from Miss D and Mr S as part of its reasonable and proportionate checks.

Mr S had declared on his application that he was employed full time with a monthly income of £1,650. Moneybarn was provided with some bank statements for Mr S that showed that he had wages from employment equivalent to a monthly income of £1,893.12. Miss D and Mr S's representative says that it was only a temporary job and that Mr S wasn't there for long, but he'd declared to Moneybarn that he was employed full time with a monthly income of £1,650 and I consider that it was fair and reasonable for it to rely on the evidence that he'd provided about his income. The bank statements also show that Miss D had an average monthly income of £741.37 in the three months up to May 2017.

The investigator calculated from the bank statements provided that Miss D and Mr S would have had a disposable income, after making the monthly payment under the conditional sale agreement, of £455.22, which she said would result in the agreement appearing affordable. In response to the investigator's recommendation, Miss D and Mr S's representative says that Miss D and Mr S were paying £100 each month to his father who had lent them £1,000 for the deposit on their rented accommodation and that Miss D was making monthly standing order payments towards her credit card debts. The investigator said she'd only expect Moneybarn to include the minimum monthly payment towards their credit card debt in its expenditure assessment, but she said that the average monthly amount paid on all of their credit cards was £859.34 and she factored that amount into her calculation of their disposable income. I'm not persuaded that there's enough evidence to show that the minimum monthly payment on their credit card debts was more than £859.34 and I don't consider that it would be fair or reasonable to have expected Moneybarn to have included more than that amount in its affordability assessment.

If Miss D and Mr S's monthly disposable income was reduced by the £100 that they were

paying to his father, they would still have been left with a disposable income of £355.22 each month. I consider that it would have been fair and reasonable for Moneybarn to have concluded that a disposable income of £355.22 each month showed that the conditional sale agreement was affordable for them at that time. Miss D and Mr S's complaint form says: *"The vehicle was absolutely necessary as it was needed for work commitments, other means of transport were inaccessible"*; and the conditional sale agreement was fully paid and settled, on schedule, in May 2022. I'm not persuaded that there's enough evidence to show that Moneybarn shouldn't have entered into the conditional sale agreement with them or that it lent to them irresponsibly.

Miss D and Mr S's complaint form includes a complaint about the commission that was paid by Moneybarn to the dealer. That part of their complaint is being dealt with as a separate complaint. In response to the investigator's recommendation, Mr S has also complained about his interactions with Moneybarn when he contacted it about their financial difficulties. A complaint about that issue wasn't included in the complaint that was made to Moneybarn or the complaint that was then made to this service, so I can't make any findings on that issue in this decision. If Miss D and Mr S want to complain about that issue, they should first complain to Moneybarn about it and then, if they're not satisfied with its response, they may be able to make a complaint about that issue to this service.

I've carefully considered all that Miss D, Mr S and their representative have said about this complaint but I'm not persuaded that there's enough evidence to show that the conditional sale agreement was unaffordable for Miss D and Mr S at the time that they entered into it or that Moneybarn lent to them irresponsibly. I find that it wouldn't be fair or reasonable in these circumstances for me to require Moneybarn to refund to Miss D and Mr S any of the payments that they made under the conditional sale agreement, to pay them any compensation or to take any other action in response to their complaint.

My final decision

My decision is that I don't uphold Miss D and Mr S's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D and Mr S to accept or reject my decision before 17 November 2025.

Jarrold Hastings

Ombudsman