

## **Complaint**

Ms C complains that Moneybarn No.1 Ltd (trading as “Moneybarn”) unfairly entered into a conditional-sale agreement with her. She’s said the agreement was unaffordable for her.

## **Background**

In August 2022, Moneybarn provided Ms C with finance for a used car. The cash price of the vehicle was £5,805.00. Ms C paid a deposit of £175 and entered into a 60-month conditional sale agreement with Moneybarn for the remaining £5,630.00 she needed to complete her purchase. The loan had interest, fees and total charges of £4,795.30 and the balance to be repaid of £10,425.30 was due to be repaid in 59 monthly instalments of £176.70.

Ms C’s complaint was considered by one of our investigators. She didn’t think that Moneybarn had done anything wrong or treated Ms C unfairly. So she didn’t recommend that Ms C’s complaint should be upheld.

Ms C disagreed with our investigator’s assessment and asked for her complaint to be passed to an ombudsman for a final decision.

## **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 Ms C’s complaint.

Having carefully thought about everything I’ve been provided with, I’m not upholding Ms C’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 Ms C could make her payments in a sustainable manner before agreeing to lend to her. And if the checks Moneybarn carried out weren’t sufficient, I then need to consider what reasonable and proportionate checks are likely to have shown.

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 says it agreed to this application after it completed an income and expenditure assessment on Ms C. During this assessment, Ms C provided details of her monthly income which it verified with copies of payslips. Moneybarn says it also carried out credit searches on Ms C. These showed that she had no county court judgments (“CCJ”) recorded against her, although she did have defaulted accounts with the most recent occurrence being just under two years prior to this application.

Nonetheless, in Moneybarn’s view, when reasonable repayments to the amount Ms C already owed plus a reasonable amount for Ms C’s living expenses were deducted from her monthly income, enough was left over for her to make the monthly payments for this agreement. On the other hand, Ms C says she was already struggling at the time and that these payments were unaffordable.

I’ve thought about what Ms C and Moneybarn have said.

The first thing for me to say is that bearing in mind the term of the agreement, its total cost and Ms C’s previous difficulties with credit, I’m satisfied that Moneybarn needed to take further steps to ascertain Ms C’s actual living costs, rather than assuming Ms C’s living expenses in order for its checks to have been proportionate here. Moneybarn did not do this, so I’m satisfied that its checks before lending in this instance weren’t proportionate.

At this point, given I’ve agreed that the checks weren’t proportionate, I think that it might be helpful for me to explain that my conclusion that the Moneybarn didn’t do enough to establish whether the repayments were affordable, doesn’t, on its own, meant that Ms C’s complaint should be upheld.

This is because we would usually only go on to uphold a complaint in circumstances where we are 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 therefore considered whether that is the case here.

As I’ve explained, given the circumstances here, I would have expected Moneybarn to have had a reasonable understanding about Ms C’s regular living expenses as well as her income and existing credit commitments.

However, the information Ms C has provided me with doesn’t show me that her living expenses were significantly more than the amount of the estimates Moneybarn used, or that that they made the monthly payments unaffordable. So I’m not in a position to say that Moneybarn doing more here would more likely than not have led to it reaching a different decision to lend in this instance.

I accept that Ms C situation may have been worse than what the information provided shows. For example, I know that Ms C has said that she didn’t have a work contract. But I don’t think that this can be inferred from the payslips. This is especially as the payslip refers to a basic wage, rather than ad hoc hours or overtime. More importantly, I’ve not seen anything to indicate that Ms C notified Moneybarn of not having a contract of employment at the time of her application either.

Indeed, the explanation document that Ms C electronically signed confirmed that Ms C had declared having a monthly income of around £1,300.00 and a monthly expenditure of just under £800. So I’m satisfied that Moneybarn was reasonably entitled to proceed on the basis that Ms C would earn around £1,300.00 a month over the term of the agreement.

In reaching my conclusions, I've also considered whether the lending relationship between Moneybarn and Ms C might have been unfair to Ms 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 Ms C or otherwise treated her 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 carefully considered everything, while I think that Moneybarn ought to have applied a bit more scrutiny to the information it obtained and found out a bit more about Ms C before entering into this conditional-sale agreement with her, I'm satisfied that Moneybarn doing this won't have prevented it from providing these funds, or entering into this agreement with her. So I'm not upholding this complaint.

I appreciate that this will be very disappointing for Ms C. This is especially as she's referred to other cases which she believes to be similar to hers that have been upheld. However, each case is considered on its own individual merits. And I've explained, why I think that proportionate checks won't have prevented Moneybarn from lending to her in this case. So I hope that Ms C will understand the reasons for my decision and that she'll at least feel her concerns have been listened to.

### **My final decision**

My final decision is that I'm not upholding Ms C's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms C to accept or reject my decision before 5 January 2026.

Jeshen Narayanan  
**Ombudsman**