

Complaint

Miss B complains that Moneybarn No.1 Limited (trading as “Moneybarn”) unfairly entered into a conditional-sale agreement with her. She’s said the monthly payments to the agreement were unaffordable and so she shouldn’t have been accepted for it.

Background

In July 2023, Moneybarn provided Miss B with finance for a used car. The cash price of the vehicle was £5,995.00. Miss B paid a deposit of £65 and entered into a 60-month conditional-sale agreement with Moneybarn for the remaining £5,930.00 she required.

The loan had interest, fees and total charges of £5,311.86 and the balance to be repaid of £11,241.86 (not including Miss B’s deposit) was due to be repaid in 59 monthly instalments of £190.54.

Miss B’s complaint was considered by one of our investigators. He reached the conclusion that proportionate checks would have shown Moneybarn that it shouldn’t have entered into this agreement with Miss B. So he recommended that Miss B’s complaint should be upheld.

Moneybarn didn’t agree with our investigator and the complaint was passed to an ombudsman in order for it to be formally determined.

My provisional decision of 12 November 2025

I issued a provisional decision – on 12 November 2025 - setting out why I wasn’t intending to uphold Miss B’s complaint.

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

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.

Miss B’s response to my provisional decision

Miss B responded to say that while she was disappointed with my provisional decision she accepted its conclusions.

My findings

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

Before I go on to set out my provisional conclusions on this matter, I want to say that I can see that it's clear just how strongly Miss B feels about her complaint and why she's unhappy. So I think it might help for me to set out that while I may have not commented on each and every point that she's made, I have nonetheless read and considered everything she's said.

However, I've focused on the key things that have led to me reaching, what in my view is, a fair and reasonable decision. For the sake of completeness, I'd add that the rules of this service permit me to do this as it reflects the nature of our service which was set up to be an informal alternative to the courts.

Having carefully thought about everything I've been provided with, including the events since my provisional decision, I'm not upholding Miss B's complaint. I'd like to explain why in a little more detail.

Did Moneybarn act fairly and reasonably towards Miss B when agreeing to lend to her?

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 Miss B's complaint.

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 Miss B 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 Miss B. During this assessment, Miss B provided details of her monthly income which it cross checked against information from credit reference agencies on the amount of funds that went into her main bank account each month.

Moneybarn says that it also carried out credit searches on Miss B which showed that she didn't have any significant adverse information such as defaulted accounts or county court judgments ("CCJ") - recorded against her.

Furthermore, in Moneybarn's view, when reasonable repayments to the amount Miss B already owed plus a reasonable amount for Miss B'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, Miss B says she was already struggling as she had council tax and utility bill arrears at the time which made these monthly payments unaffordable.

I can understand why Miss B not having any significant adverse information recorded against her may have led Moneybarn to consider that it was reasonable to rely on statistical data in order to ascertain Miss B's living costs. I don't think that any such argument would be

wholly unreasonable. Nonetheless, I do think that the total amount Miss B was required to pay here coupled with the term of the agreement, meant that Moneybarn ought to have had a reasonable understanding of her actual living costs before agreeing to enter into this agreement with her.

As I can't see that Moneybarn obtained this information from Miss B, I don't think that the checks it carried out before lending to Miss B were sufficient.

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 Miss B' complaint should be upheld.

This is because we would usually only go on to uphold a complaint in circumstances were 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 Miss B's actual regular living expenses as well as her income and existing credit commitments (which it already knew about from the checks that it carried out).

However, the information Miss B has provided me with doesn't show me that her living expenses were significantly more than the amount of the estimates Moneybarn used. I can see that Miss B has said she was in arrears on her utilities and her council tax at the time of this lending decision.

It is clear that the investigator sought to account for Miss B expected to pay by amalgamating what he saw on the bank statements with the statistical data that Moneybarn used. But I don't think that this was reasonable. I don't think that it is reasonable to combine the statistical data with information on Miss B's actual expenses when Moneybarn could only be expected to have either used Miss B's actual living expenses, or the statistical data. I can't realistically say that Moneybarn ought to have combined these amounts in the way that the investigator has done here in order for its checks to have been proportionate.

This is especially important as Moneybarn wasn't required to obtain bank statements in the first place, the information Miss B has provided doesn't show payments for council tax and utilities and Miss B hasn't been able to confirm what she was paying to this at this time. I'm also mindful that while Miss B says she was in arrears on her council tax and utilities she did not inform Moneybarn about this and this didn't show up in the credit searches. I'm therefore not in a position to say that Moneybarn ought to have known about this either.

I also need to take account of the fact that Miss B's most recent submissions are being made in support of a complaint and at the time of the application at least, Miss B would have wanted the car. Therefore, if asked, any explanations she is likely to have provided Moneybarn with would more likely have been with a view to persuading it to lend her, whereas now she's trying to show that the agreement was unaffordable.

Indeed, Miss B has provided copies of text messages she exchanged with the credit broker that arranged this agreement for her. In these messages Miss B tells the credit broker that she has a budget of around £200 a month, which she is flexible on. Equally, the finance explanation document Miss B was provided with also highlighted that Moneybarn's decision to lend was based on her having a monthly income of at least £1,750.00 and a total non-

discretionary monthly expenditure of around £1,215.00. I can see that Miss B electronic signed this declaration, rather than corrected this information.

This was in circumstances, where I've not been provided with clear evidence to corroborate that the monthly payments on this agreement were as a matter of fact unaffordable for Miss B. As this is the case, I'm simply not in a position where I can reasonably conclude that doing more here would more likely than not have led to Moneybarn reaching a different decision to lend in this instance.

Overall and having carefully considered everything, while I don't think that Moneybarn's checks before entering into this conditional-sale agreement with Miss B did go far enough, I'm not currently persuaded that reasonable and proportionate checks would have prevented Moneybarn from providing these funds, or entering into this agreement with her.

I've also thought about what Miss B has said about her circumstances and the fact that Moneybarn failed to take account of her vulnerabilities. As this final decision is published, I've not set out the full details of Miss B's health and personal circumstances. Nonetheless, I wish to confirm that I've carefully considered everything that Miss B has said and provided. I'm sorry to hear about what Miss B has told us and I sympathise with her situation.

Having done so, I don't think that Moneybarn was actually aware of what Miss B has told us about at the time that it agreed to enter into this agreement with her. Furthermore, while I appreciate that Miss B may disagree with this, I don't think that this could reasonably be inferred either. So I don't think that Moneybarn could reasonably be expected to have been aware of these matters at this time.

Therefore, I can't reasonably say that Moneybarn ought to have had regard of these factors at the time it decided to lend. All it could do was carry out a proportionate check and then make a decision based on what the information gathered showed.

For the reasons I've explained, I'm satisfied that a proportionate check will more likely than not have shown that Miss B could make her payments, therefore I don't think that it was unreasonable for Moneybarn to lend in these circumstances. So while I sympathise with what Miss B has told us about, I'm not persuaded that Moneybarn failed to act fairly and reasonably to Miss B when making its decision accept her application.

Miss B's payment difficulties

I've seen that Miss B told Moneybarn that she was struggling with her health and that this had had a knock effect on her finances as her health had seen her be off work.

When a lender becomes aware, or it ought reasonably to be aware, that a borrower is experiencing difficulty making their payments, I think that it is fair and reasonable to expect it to exercise forbearance and due consideration, in line with its regulatory obligations. The correspondence log I've been provided with shows that Moneybarn carried out an income and expenditure assessment with Miss B in order to try and bring the account up to date and keep Miss B in her car. I'm satisfied that this was a reasonable first step from Moneybarn.

Nonetheless, as Miss B wasn't able to clear the arrears and these were increasing, I don't think it would have been fair and reasonable for Moneybarn to have ignored these arrears indefinitely. So I don't think that it was unreasonable for Moneybarn to have commenced possession actions when it did in October 2024. I appreciate that Miss B may have been unhappy with this and may feel that Moneybarn could have done more.

However, given it waited for the 60-day breathing space which Miss B had applied for to conclude before taking possession of the car in February 2025, I do think that it acted fairly and reasonably. After all, it had become clear that Miss B's difficulties were not short-term and allowing her to build up further arrears on what was a depreciating asset would not have been in her interests even if she may have wished to keep the car.

So I'm satisfied that Moneybarn did take action and offered some help and support when Miss B got in touch to explain that she was having difficulty making her payments. And while I appreciate that this didn't result in Miss B being able to retain custody of the car, I don't think that this means Moneybarn acted unfairly towards her when it learned of her difficulty making her payments.

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

However, for the reasons I've explained, I'm satisfied that Moneybarn did not irresponsibly lend to Miss B, or otherwise treat 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.

Miss B's possessions at the time Moneybarn took possession of the car

I know that Miss B has said that some of her possessions were in the car when Moneybarn took possession of it in February 2025. Moneybarn has said that its agent didn't find any possessions in the car but in any event, if Miss B provided a list of the missing items, it would seek to take things further.

However, Miss B hasn't provided us with a list of, or photographs, of any items that may have been in the car when it was collected. In these circumstances, I'm afraid that I can't tell Moneybarn that it needs to do more in relation to this matter.

Conclusions

Overall and bearing in mind everything, I'm not upholding this complaint. I appreciate that this will be very disappointing for Miss B – particularly as our investigator, albeit erroneously, suggested that the complaint should be upheld. But I hope she'll understand the reasons for my decision and that she'll at least feel her concerns have been listened to.

Although I'm not upholding Miss B's complaint, I would remind Moneybarn of its continuing obligation to exercise forbearance and due consideration, given what it now knows about her situation. Given the length of time it has been since Moneybarn last considered matters, I think that a further review, taking account of Miss B's current circumstances and what if anything she may be able to pay to the balance remaining on the account, is now likely to be necessary. I would encourage Miss B to co-operate with any such steps that will be required to assess what the next steps from here should be.

My final decision

For the reasons I've explained above and in my provisional decision of 12 November 2025, I'm not upholding Miss B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 30 December 2025.

Jeshen Narayanan
Ombudsman