

Complaint

Mrs A complains that Secure Trust Bank Public Limited Company (trading as “Moneyway”) unfairly entered into a hire-purchase agreement with her. Amongst other things, she’s said her affordability for the agreement was not properly considered at the time of sale and she couldn’t afford the monthly payments.

Background

In January 2024, Moneyway provided Mrs A with finance for a used car. The cash price of the vehicle was £7,944.00. Mrs A didn’t pay a deposit and entered into a hire-purchase agreement with Moneyway to cover the entire purchase amount.

The hire-purchase agreement had interest, fees and total charges of £6,166.60 (made up of interest of £6,156.60 and an option to purchase fee of £10) and a term of 60 months. This meant the total amount to be repaid of £14,110.60 was due to be repaid in 59 monthly instalments of £235.01 followed by a final monthly payment of £245.01.

In November 2024, Mrs A initially complained about the documentation she was provided her with. All parties then accepted that this was also a complaint about Moneyway’s decision to provide her with the finance on the grounds that the monthly payments were never affordable for her. Moneyway said that the checks completed before the agreement was entered into confirmed that the finance was affordable and so it was reasonable to lend. So it didn’t uphold Mrs A’s complaint.

It also looks like Moneyway recovered possession of the car shortly after Mrs A’s complaint. Although this wasn’t related to the complaint itself.

Mrs A was dissatisfied at Moneyway’s response and referred her complaint to our service. Mrs A’s complaint was then considered by one of our investigators. He eventually reached the conclusion that Moneyway ought to have realised that the agreement was unaffordable for Mrs A and so it shouldn’t have entered into it with her. So he thought that Mrs A’s complaint should be upheld.

Moneyway disagreed with the investigator’s assessment and asked for an ombudsman’s decision.

My provisional decision of 21 November 2025

I issued a provisional decision – on 21 November 2025 - setting out why I was intending to uphold Mrs A’s complaint.

In summary, I was satisfied that that proportionate checks would have shown Moneyway that it shouldn’t have lent to Mrs A as the monthly payments were unaffordable. In these circumstances, I was of the view that Moneyway shouldn’t have lent to Mrs A.

Moneyway’s response to my provisional decision

Moneyway didn't respond to my provisional decision or provide anything further for me to consider ahead of my final decision.

Mrs A's response to my provisional decision

Mrs A confirmed receiving my provisional decision. But she didn't provide anything further for me to consider ahead of my final decision either.

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 this part of Mrs A's complaint.

Having carefully considered everything, including the events since my provisional decision, I'm still upholding Mrs A's complaint. I'll explain why in a little more detail.

Moneyway needed to make sure that it didn't lend irresponsibly. In practice, what this means is that Moneyway needed to carry out proportionate checks to be able to understand whether Mrs A could make the payments to his agreement in a sustainable manner before agreeing to lend to her. And if the checks Moneyway 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.

I've kept this in mind when determining whether Moneyway acted fairly and reasonably when deciding to lend to Mrs A.

Why I don't think it was fair and reasonable for Moneyway to lend to Mrs A

Moneyway has told us that Mrs A said that she was employed in receipt of a monthly income of around £2,000.00. Moneyway's screenshots also suggest that it also carried out credit searches on Mrs A which showed that she had some outstanding credit balances. However, these balances were relatively well maintained and it appears to have determined that when the payments required to service these commitments were added to what it believed was her rent and then deducted from her income, she would have enough to make the payments to this agreement.

On the other hand, Mrs A says that she was never able to afford these payments.

I've carefully thought about what Moneyway has said and provided. But simply obtaining information about a borrower doesn't, on its own, mean that a lender will have carried out a borrower focused assessment of the borrower's ability to sustainably repay a loan.

I'm concerned that Moneyway relied on what it says Mrs A's declared about her monthly income in circumstances where the information it obtained didn't support this declaration. I say this because as part of its submission, Moneyway has provided a copy of a bank statement, which I assume it obtained from Mrs A as part of her application¹.

This bank statement shows that Mrs A's identifiable income was made up of universal credit. While there were some cash deposits into Mrs A's account, there is nothing to support this being Mrs A's income. Furthermore, the statement also clearly shows that she was paying more towards credit commitments than Moneyway had allowed for this.

Given these discrepancies I don't think that it was reasonable for Moneyway to rely on the mix of declared and statistical information that it did here. After all, it had requested evidence of Mrs A's actual statements. Therefore, there was no need for it to take Mrs A's word or estimate her expenditure.

For the avoidance of doubt, I wish to be clear in stating that it isn't my finding here that Moneyway had to obtain bank statements from Mrs A before lending. Had Moneyway not obtained bank statements from Mrs A, I would not have said that it needed to do so. But I cannot ignore the fact that for whatever reason it chose to request this information. As this is the case, my finding is that it wasn't reasonable for it to rely on Mrs A's declarations and statistical data, and ignore the information contained the bank statements it obtained.

This is important in this case as Mrs A did get into difficulty because she wasn't working. Had this happened in circumstances where Moneyway did not know this, or it could not reasonably be expected to be aware of this, I don't think that this would have meant that Mrs A's complaint should be upheld.

However, I don't think that Mrs A's difficulties repaying and the reasons for this should have been a surprise to Moneyway in circumstances where the only discernible income source on the bank statements it received was universal credit. In these circumstances, I don't think that it was reasonable to use statistical data to calculate Mrs A's living expenditure either as this data is not usually based on individuals in Mrs A's position.

Mrs A has also provided us with further evidence of her financial circumstances at the time she applied for the hire-purchase agreement. Of course, I accept different checks might show different things. And just because something shows up in the information Mrs A has provided, it doesn't mean this would have been uncovered if Moneyway had delved deeper into the information that it had.

But the system notes that Moneyway has provided us with show that it also obtained a council tax statement from Mrs A. As Mrs A has shown us that she had council tax arrears and returned payments for this, it seems to me that Moneyway ought to have been aware of this.

Given the consequences of non-payment of council tax, I think it's more likely than not that Mrs A wasn't paying her council tax because she wasn't able to do so, rather than because she was choosing not to do so. In these circumstances, I think that it more likely than not that Mrs A simply wasn't in a position to make the monthly payments to this agreement.

So having carefully considered everything, I'm satisfied that a reasonable analysis of the information obtained would have alerted Moneyway to the fact that Mrs A wasn't in a position to make the payments to this agreement. Therefore, I'm satisfied that Moneyway shouldn't have lent to her and that it ought to now put things right.

¹ Moneyway's system notes also appear to confirm that a bank statement was received.

Fair compensation – what Moneyway needs to do to put things right for Mrs A

I've carefully thought about what amounts to fair compensation in this case. In broad terms, where I find that a business has done something wrong, I'd normally expect that business – in so far as is reasonably practicable – to put the consumer in the position they *would be in now* if that wrong hadn't taken place. In essence, in this case, this would mean Moneyway putting Mrs A in the position she'd now be in if the agreement hadn't been entered into in the first place.

But when it comes to complaints about irresponsible lending this isn't straightforward. Mrs A did enter into the agreement and *was*, at least, given the car in question. She also had use of the vehicle for around ten months. So, in these circumstances, I can't undo what's already been done. And it's simply not possible to put Mrs A back in the position she would be in if she hadn't been supplied with the car in the first place.

As this is the case, I have to think about some other way of putting things right in a fair and reasonable way bearing in mind all the circumstances of the case. Our website sets out the main things we consider when looking at putting things right in cases where we conclude that a lender did something wrong in irresponsible/unaffordable lending complaints.

We typically say the borrower should repay the amount lent and the lender refunds any interest, fees and charges the borrower paid. This is because the borrower will have had the benefit of the credit they were provided with and it's usually the extra paid over and above this – any interest fees and charges – that will have caused the consumer to lose out.

In this case, this would limit Mrs A to paying back the £7,944.00 she was originally lent. But I don't think that a refund of the interest fees and charges is appropriate here. Mrs A is nowhere near being able to repay what was lent and even if she were to somehow make the remaining monthly payments scheduled – which she cannot – she no longer has possession of the car.

I've therefore given careful thought to how else it might be fair and reasonable to put things right for Mrs A bearing in mind she was provided with a hire-purchase agreement, she shouldn't have been provided with.

In circumstances where a borrower was provided with finance to purchase a car they were unable to afford to make the payments for, it's usually appropriate for the car to be returned and the agreement ended. After all the asset has some value and it would be reasonable for this to be used to reduce or clear what is owed. The car has already gone back to Moneyway so there is no need for it to be returned here.

As Mrs A had the car for around ten months, I do think that it is fair to take account of the fact the car will have depreciated in this time and that Mrs A had the use of it. And I do think it's fair and reasonable to expect Mrs A to have to pay an amount to account for this. There isn't an exact formula for working out fair usage. But in deciding what's fair and reasonable we'd typically think about things like the amount of interest charged on the agreement, the customer's usage of the car and what sort of costs they might have incurred to stay mobile if they didn't have the car financed.

In thinking about this, I've thought about the investigator's conclusion that an amount of £100 per month would fairly and reasonably account for Mrs A's usage. However, I think it's unlikely that Mrs A would have been able to have had use of the vehicle that she had custody of and was able to use for £100 a month. Having considered the car financed, its

age at the time of purchase and the amount of interest on the agreement, I think £130 better reflects how much it would have cost Mrs A to stay mobile in this car of this type.

As this is the case, I'm satisfied that Mrs A should pay no more than £1,300.00 in total, in order to reflect the period that she had use of the car. Mrs A hadn't yet paid £1,300.00 at the time of her complaint and I understand that she hasn't made any payments while her complaint has been investigated. So having weighed up everything, I'm satisfied that Mrs A should now be limited to paying the difference between £1,300.00 and the payments that she has already made on this agreement.

In reaching my conclusions, I've also considered whether the lending relationship between Moneyway and Mrs A might have been unfair to Mrs A under section 140A of the Consumer Credit Act 1974.

However, I'm satisfied that what I direct Moneyway to do, results in fair compensation for Mrs A given the overall circumstances of her complaint. For the reasons I've explained, I'm also satisfied that, based on what I've seen, no additional award is appropriate in this case. This includes matters relating to the clarity of the paperwork she was provided with at the outset.

My final decision

For the reasons given above and in my provisional decision of 21 November 2025, I'm upholding Mrs A's complaint. Secure Trust Bank Public Limited Company should now ensure that Mrs A now pays no more than £1,300.00 as a result of this agreement. This means that Mrs A should now pay the difference between £1,300.00 and the total amount she's already paid to Moneyway since the agreement commenced.

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

Jeshen Narayanan
Ombudsman