

## **Complaint**

Ms O 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 March 2023, Moneybarn provided Ms O with finance for a used car. The cash price of the vehicle was £18,699.00. Ms O paid a deposit of £4,525.00 and entered into a 60-month conditional sale agreement with Moneybarn for the remaining £14,174.00 she needed to complete her purchase. The loan had interest, fees and total charges of £7,030.01 and the balance to be repaid of £21,204.01 was due to be repaid in 59 monthly instalments of £359.39.

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

Ms O 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 O’s complaint.

Having carefully thought about everything I’ve been provided with, I’m not upholding Ms O’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 O 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 O. During this assessment, Ms O provided details of her monthly income which it verified with copies of payslips. Moneybarn says it also carried out credit searches on Ms O. 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 over three years prior to this application.

Nonetheless, in Moneybarn’s view, when reasonable repayments to the amount Ms O already owed plus a reasonable amount for Ms O’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 O says she was already struggling at the time and that these payments were unaffordable.

I’ve thought about what Ms O 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 O’s previous difficulties with credit, I’m satisfied that Moneybarn needed to take further steps to ascertain Ms O’s actual living costs, rather than assuming Ms O’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.

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

While I’ve looked at the bank statements Ms O has provided in order to do this, I’ve done this because I’m having to retrospectively determine what a proportionate check is likely to have looked like at this late stage. And bank statements have all the information I now need to do this. However, I wish to make it clear that Moneybarn was not required to review Ms O’s bank statements prior to lending.

In any event, the bank statements provided do appear to show that when Ms O’s committed regular living expenses are added to what Moneybarn knew about her existing credit commitments and then deducted from the funds going into her account, there were sufficient funds left over, at the time at least, for her to sustainably make the repayments due under this agreement.

I’ve noted that Ms O has now carried out a line-by-line analysis of her bank statements and has reached the view that she didn’t have enough left over for emergencies once the payments to this agreement was deducted from her disposable income. The first thing for me to say is that Ms O’s analysis has been carried out with the use of bank statements and this includes all of her major expenditure. So I’m not necessarily persuaded that the amount she now says she had left means that she shouldn’t have been lent to.

I also have to keep in mind that Ms O’s most recent submissions are being made in support of a claim for compensation and any explanations Ms O would have provided at the time are more likely to have been with a view to persuading Moneybarn to lend, rather than highlighting any unaffordability.

Indeed, the explanation document that Ms O electronically signed confirmed that her ability to make her payments was based on her having non-discretionary expenditure of £1,215.00. As Ms O didn’t seek to correct this and tell Moneybarn that her expenditure was higher, I think that it is unlikely – and certainly less likely than not – that Ms O would have volunteered that she shouldn’t have been lent to as she wouldn’t have enough for emergencies in the

way she now argues, had Moneybarn asked or found out more about her regular living expenses.

In reaching my conclusions, I've also considered whether the lending relationship between Moneybarn and Ms O might have been unfair to Ms O 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 O 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 O 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 O. However, 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 O 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 O's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms O to accept or reject my decision before 3 March 2026.

Jeshen Narayanan  
**Ombudsman**