

## The complaint

Mr G complains that MONEYBARN NO.1 LIMITED (Moneybarn) failed to carry out good and proper affordability checks prior to lending to him, adding that he was in a debt management plan (DMP) at the time of taking out the finance.

## What happened

In March 2020, Mr G acquired a used car financed through a Conditional Sale Agreement (CSA) with Moneybarn. The cash price of the car was £8,299, with the full amount provided as finance through the agreement. The CSA required Mr G to make 59 monthly repayments of £279.81. Mr G settled the agreement in February 2025 and retained the car.

Around the same time, Mr G complained to Moneybarn that, in summary, they'd failed to carry out good and proper affordability checks prior to lending to him, as he was in a debt management plan (DMP) at the time.

Moneybarn didn't uphold Mr G's complaint, saying they'd performed several checks on which they'd based their decision to approve the loan. Moneybarn said they were satisfied both the finance provided to Mr G was assessed fairly and that the amount offered was affordable.

Mr G remained unhappy, so he asked the Financial Ombudsman Service to look into his complaint. He said the sums quoted by Moneybarn in their final response letter regarding his monthly income, and how much of that income he'd left spare were completely incorrect. He also said Moneybarn had failed to ask his DMP company for permission to lend, something he says it clearly states as being required on their own website.

One of our Investigator's looked into things, saying based on the checks Moneybarn did, and what they saw as a result of those checks, he didn't think they'd completed proportionate checks to determine Mr G's affordability. He said this was because he thought they ought to have done more to gain an accurate picture of Mr G's finances at the time.

Having looked at Mr G's banks statements from the months prior to the agreement, our Investigator said he thought had Moneybarn completed proportionate checks, they'd have likely seen that the finance repayments were unsustainable for Mr G because his existing expenditure already left him with a negative disposable income each month. Our Investigator said that by approving the loan for Mr G, Moneybarn had acted unfairly.

Moneybarn disagreed with our Investigator's opinion. Because no agreement could be reached, this complaint has been passed to me to decide.

I sent both Mr G and Moneybarn my provisional decision on 12 January 2026. I explained I'd reached a different outcome to that of our Investigator. In my provisional decision I said:

*'How we handle complaints about irresponsible and unaffordable lending is explained on our website. It's this approach I've used when deciding Mr G's complaint. Moneybarn needed to ensure they didn't lend irresponsibly which in practice, means they needed to carry out*

*proportionate checks to be able to understand whether any lending was affordable and sustainable for him before agreeing to provide the finance.*

*The rules that apply to credit agreements are set out in the FCA's consumer credit sourcebook (CONC). Section 5.2A of CONC is relevant here, as – among other things – it talks about the need for businesses like Moneybarn to complete reasonable and proportionate creditworthiness assessments before agreeing to lend someone money.*

*I've considered these rules by asking the following questions:*

- 1) Did Moneybarn complete reasonable and proportionate checks to satisfy themselves Mr G would be able to meet the repayments of the borrowing without experiencing significant adverse consequences?*
  - If they did, was their decision to lend to Mr G fair?*
  - If they didn't, would reasonable and proportionate checks have shown that Mr G could sustainably repay the borrowing?*
- 2) Did Moneybarn act unfairly or unreasonably in some other way?*

*Did Moneybarn complete reasonable and proportionate affordability checks?*

*What's considered reasonable and proportionate in terms of the checks a business undertakes will vary dependant on the details of the borrowing and the consumer's specific circumstances at the time.*

*Here, the total amount repayable under the agreement was around £16,508, with Mr G committing to make 59 monthly repayments of around £279.81. This was, therefore, a relatively lengthy credit commitment for someone to enter into repaying not an insignificant amount back each month, so my starting point is that I'd expect to see Moneybarn to have completed a thorough affordability check.*

*Mr G declared at the time of his application he was employed, earning a net monthly income of £2,310. Moneybarn completed a credit reference agency (CRA) check to verify Mr G's net monthly income which was confirmed to match the income figure he'd declared. So, I'm satisfied in the circumstances of this case Moneybarn went far enough to verify Mr G's declared income and to satisfy themselves they could rely on it.*

*I understand within Moneybarn's final response letter, they quoted having verified Mr G's monthly income as being much higher. But, having seen the data used at the time of the application, I'm satisfied this was more likely than not an error and that a figure of £2,310 was used when calculating his affordability to repay the lending.*

*In addition to verifying Mr G's declared income, Moneybarn also said they completed a full credit file search from which they gained an understanding of his existing and historic financial circumstances, such as his outstanding borrowing at the time and any repayment history including arrears and prior defaults.*

*While Moneybarn saw Mr G had no County Court Judgements (CCJs), they did see he'd previously defaulted on seven accounts, with balances totalling around £8,000 outstanding. The most recent of the default showed as having occurred only three months prior. They also saw Mr G was at least six months in arrears on at least one account at the time of the application.*

*The credit check also showed Moneybarn that Mr G had outstanding credit balances of around £7,000, with around £1,660 of this amount being owed to revolving credit. Moneybarn saw Mr G had no outstanding short-term payday lending, nor that had he taken out any cash advances in the three months prior to the application.*

*Moneybarn then used statistical data from the office of national statistics (ONS) to estimate Mr G's expenditure towards commitments such as rent, council tax, utilities, vehicle costs and living costs to estimate his expenditure to likely be around £1,165 a month.*

*After including a figure of £381 which the CRA check had told Moneybarn Mr G was committed to paying towards his existing credit commitments, and an additional buffer of around £65 a month, they estimated his disposable income at the time to likely be around £699 a month. From which Mr G would then need to make the repayments towards the new agreement of £279.81.*

*On the surface I think the estimated disposable income Moneybarn calculated showed the CSA appeared affordable. But while CONC does allow the use of statistical data by businesses when assessing a customer's non-discretionary expenditure, this is providing they are not aware of any reason that the data might not be representative of the consumers situation.*

*And in the circumstances here, while I don't think evidence of Mr G's financial difficulties alone, both past and present, ought to have meant Moneybarn didn't lend to him, I do think the volume and timing of the defaults seen, alongside an indication of current arrears on one account, meant they shouldn't have relied on statistical data on this occasion.*

*Instead, I think Moneybarn ought to have got a better understanding of Mr G's actual expenditure before deciding to lend to him, so I'm not satisfied their checks were proportionate.*

*But as I've explained above, that doesn't necessarily mean I can uphold Mr G's complaint – I now need to consider whether they'd have been able to fairly decide to lend to him if they had done proportionate checks.*

*If Moneybarn had done proportionate checks, what would they have found?*

*As I've said, I think proportionate checks would have involved Moneybarn finding out about Mr G's actual non-discretionary expenditure to determine whether he'd be able to afford the repayments in a sustainable way.*

*I'm not saying Moneybarn specifically needed to obtain bank statements as part of their credit worthiness checks. I don't think they did. Moneybarn could have simply asked Mr G what his essential expenditure was, rather than relying on statistical data.*

*But in hindsight and in the absence of other information, I think bank statements provide me a good indication now, of Mr G's essential expenditure over the months prior to when the lending decision took place.*

*Having looked at statements from the time for several of Mr G's bank accounts, it's been difficult to clearly identify exactly what his essential expenditure would've been.*

*The accounts include a high level of transfers and a number of cash withdrawals and it's also sometimes difficult to differentiate between payments towards for example fuel, groceries and other non-essential spending Mr G might've been making.*

*But my role here isn't to identify every specific transaction, nor is it to complete a forensic investigation into Mr G's finances. And it's important to remember that I'm now reviewing this data in hindsight.*

*So, where I've been unable to clearly identify certain expenditure, and the statistical data Moneybarn obtained appears higher, I think the fairest way for me to calculate his affordability is to use those figures.*

*After having used a combination of the bank statements and statistical data, I'm satisfied Mr G's average monthly expenditure towards essential spending was around £1790. It's also important to say I've not included any non-essential spending which I've seen, such as payments towards holidays for example, in my calculations to reach this figure which I'll now go on to explain.*

*Mr G's bank account statements each month on average showed he was paying £695 towards rent and £100 to HMRC.*

*The statements also show he was making repayments to his existing credit commitments and to his DMP, but from what I've seen, these payments didn't exceed the monthly figure of £381 Moneybarn were informed was Mr G's actual existing credit commitments by the CRAs.*

*So, as I think they ought to have been able to rely on the figure provided by the CRAs, I'm satisfied it was reasonable for them to have used this figure, and any further checks I think they ought to have carried out wouldn't have given them reason to use a higher figure.*

*In addition, I could see on Mr G's statements he was paying a combined total amount of around £335 towards telephone and television contracts, an insurance policy and towards payments which looked like to be for food. But these payments seem somewhat sporadic, and I've been unable to identify much in the way of other payments towards bills such as utilities or council tax.*

*The statistical data obtained by Moneybarn allowed around £444 towards council tax, basic living and utilities so I've used this figure within my final calculation. The statistical data also allowed around £105 a month towards vehicle costs and an additional buffer of £65 a month. Again, I've included these amounts when reaching my calculation.*

*So, in summary, I think had Moneybarn asked Mr G more about his expenditure, it would more likely than not have resulted in them establishing he was left with around £520 per month or after accounting for the repayment towards the CSA in question, around £240. I'm satisfied a disposable income of around £240 a month, alongside the buffer already allowed by Moneybarn, would be sufficient.*

*I'm aware there is gambling that can be seen on Mr G's statements but as I've explained, while I do think Moneybarn ought to have found out about Mr G's actual essential expenditure, I'm not satisfied any additional checks would've meant these transactions came to their attention.*

*Finally, I've also considered what Mr G has said about Moneybarn not having asked his DMP company for permission to lend to him. Having thought about this, while taking out further credit when you are on a DMP in general wouldn't be encouraged, there are some exceptions such as for mortgage payments and agreements such as the one in question here.*

*Ultimately, it isn't possible for me to know for certain if the credit would have been granted*

*had the DMP company been asked. While Moneybarn say a consumer wanting to borrow money for a car will need agreement from their DMP provider, defaults aside which are not the same as a DMP, I've seen nothing to suggest they ought to have been aware a DMP was in place. I've also not seen anything to suggest Mr G made Moneybarn aware of his DMP prior to taking out the finance, nor can I be sure it would have come to light through any further checks I think they ought to have done.*

*In summary, from what I've seen, including the allowed buffer, I'm satisfied Mr G would've been left with around £305 per month after accounting for his essential expenditure, including the repayments towards the new agreement. I'm satisfied Moneybarn could have fairly decided the agreement was affordable for Mr G.*

*So, I'm satisfied Moneybarn's lending decision was fair and I'm not planning to uphold this complaint.*

*Did Moneybarn act unfairly or unreasonably in some other way?*

*I've not seen anything to suggest Moneybarn have treated Mr G unfairly or unreasonably in any other way.*

*I've also considered whether Moneybarn acted unfairly or unreasonably in some other way given what Mr G has complained about, including whether its relationship with Mr G might have been unfair under s.140A Consumer Credit Act 1974.*

*However, for the reasons I've already given, I don't think Moneybarn lent irresponsibly to Mr G or otherwise treated him unfairly. I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.'*

Mr G disagreed with my provisional decision, saying he believed it was fundamentally flawed given that Moneybarn had calculated his income wrong and that errors as such should not be made when large amounts of money are involved. Mr G added that having found evidence of him being in arrears, Moneybarn should've looked closer as his DMP included loans that were like payday type lending, but over longer terms.

Moneybarn didn't respond to my provisional decision, so I have taken that as they have nothing further to add.

### **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.

Having done so, while I know this will come as a disappointment to Mr G, I've seen no reason to reach a different outcome to the one I reached previously. I'll explain why.

As I've explained, while Moneybarn's final response letter may contain an error when quoting Mr G's verified income, what's important here is the figure they used when assessing his application for credit.

Moneybarn have provided the data which shows the figure used when calculating Mr G's affordability was £2,310. So, because Mr G declared an income of £2,310 a month and Moneybarn verified this figure, I don't think they needed to do anything more in respect of checking his income.

Regarding his DMP, while I acknowledge Mr G thinks Moneybarn ought to have looked

closer into his arrears, I don't think that is the case. I don't want to repeat myself here so I'll refer to what I've already explained, but in summary, I'm satisfied reasonable and proportionate checks would have meant Moneybarn looking more into his actual expenditure.

I've seen nothing to suggest Moneybarn were made aware of Mr G's DMP either by him or as from the results of the credit check completed and nor can I be sure it would've come to light had they done what I consider would have been proportionate checks. So, I'm satisfied Moneybarn's lending decision was fair.

### **My final decision**

For the reasons I've explained above, my decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 25 February 2026.

Sean Pyke-Milne  
**Ombudsman**