

## Complaint

Mr H complains that Moneybarn No.1 Limited (trading as “Moneybarn”) unfairly entered into a conditional sale agreement with him. He’s said that the proper checks weren’t carried out and he was provided with finance that was unaffordable.

## Background

In March 2024, Moneybarn provided Mr H with finance for a used car. The purchase price of the car was £17,775.00. Mr H paid a deposit of £2,452.43 and entered into a 60-month conditional sale agreement with Moneybarn for the remaining £15,322.57 he required to complete his purchase. The loan had interest, fees and total charges of £12,461.71 and the balance to be repaid of £27,784.28 (which doesn’t include Mr H’s deposit) was due to be repaid in 59 monthly instalments of £470.92.

Mr H’s complaint was considered by one of our investigators. He eventually reached the conclusion that Moneybarn hadn’t done anything wrong or treated Mr H unfairly. So he didn’t recommend that Mr H’s complaint should be upheld. Mr H disagreed with our investigator and the complaint was 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 Mr H’s complaint.

Having carefully thought about everything I’ve been provided with, I’m not upholding Mr H’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 any lending was sustainable for Mr H before providing it.

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 Mr H provided details of his monthly income, which it verified with copies of payslips it requested. It says it also carried out credit searches on Mr H which showed that while he didn’t have any county court judgments

(“CCJ”) taken out against him, he had at least one defaulted account recorded against him – albeit the most recent occasion this had occurred was approaching almost five years prior to this application. Moneybarn was also aware that Mr H had completed an Individual Voluntary Arrangement (“IVA”)

In Moneybarn’s view, when reasonable repayments to the credit commitments Mr H already had were combined with estimates of his living costs and then deducted from his income, he had enough left over to be able to make the monthly repayments to this agreement. On the other hand, Mr H says his existing commitments meant that these payments were unaffordable and there was no way he was going to be able to maintain them.

I’ve thought about what Mr H and Moneybarn have said.

The first thing for me to say is that bearing in mind the adverse information Moneybarn saw on the credit checks, I don’t think that the checks Moneybarn carried out did go far enough. I don’t think it was reasonable to rely on an estimate of Mr H’s living costs given the cost of the credit, the length of the term and the monthly repayments.

As Moneybarn didn’t carry out sufficient checks, I’ve gone on to decide what I think Moneybarn is more likely than not to have seen had it obtained further information from Mr H. As I’ve explained, bearing in mind Mr H’s previous payment difficulties, I would have expected Moneybarn to have had a reasonable understanding about Mr H’s regular living expenses as well as his income and existing credit commitments.

I wish to be clear in saying that I’m not going to use the information Mr H has provided to carry out a forensic analysis of whether the repayments to his agreement were affordable. I say this particularly as Mr H’s most recent submissions are being made in support of a claim for compensation and I need to keep in mind that any explanations he 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.

Equally, what Moneybarn needed to do was supplement the information it had on Mr H’s credit commitments, with some further information on his actual living costs rather than relying on statistical data, which is typically based on the average borrower rather than someone that has had difficulties with credit in the past. And the information provided shows that if Moneybarn had done this, it would likely have concluded that Mr H would have been able to afford his repayments.

Indeed, the information Mr H has provided does appear to show that when his committed regular living expenses and existing credit commitments were deducted from his monthly income, he did have the funds, at the time at least, to sustainably make the repayments due under this agreement.

I accept that Mr H’s actual circumstances at the time were worse than what the information about his committed living costs and existing commitments to credit shows. For example, having looked at the copies of the bank statements Mr H has provided us with now, I can see significant gambling. It’s also possible – but by no means certain – that Moneybarn might have decided against lending to Mr H had it seen this.

However, what I need to think about here is what were Mr H’s actual committed living costs? – given this was a first agreement and Mr H was being provided with a car, which he would not be able to gamble, rather than cash. Bearing in mind checking bank statements wasn’t the only way for Moneybarn to have found out more about Mr H’s living costs – it could, for example, have obtained copies of bills – I don’t think that proportionate checks would have extended into obtaining the bank statements which Mr H has now provided us with.

In my view, proportionate checks certainly wouldn't have gone into the level of granularity whereby Moneybarn ought reasonably to have picked up on Mr H's gambling. I also think that it is worth noting that Mr H had the most knowledge about his true situation and nonetheless considered it a reasonable time purchase a car on finance. In these circumstances, I consider it unlikely – and certainly less likely than not – that Mr H made any attempt to disclose his gambling at the time, or that Moneybarn knew or ought to have known about this.

In reaching my conclusions, I've also considered whether the lending relationship between Moneybarn and Mr H might have been unfair to Mr H 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 Mr H or otherwise treated him 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 there is an argument for saying that Moneybarn's checks before entering into this conditional sale agreement with Mr H didn't go far enough, I'm satisfied that it doing more won't have stopped it from providing these funds, or entering into this agreement with Mr H.

So I'm satisfied that Moneybarn didn't act unfairly towards Mr H when it agreed to provide the funds. And I'm not upholding this complaint. I appreciate that this will be very disappointing for Mr H. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

### **My final decision**

My final decision is that I'm not upholding Mr H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 30 April 2026.

Jeshen Narayanan  
**Ombudsman**