

The complaint

Mr B complains that Moneybarn No.1 Limited irresponsibly provided him with credit to acquire a car. Mr B says he was in a debt spiral when the finance was approved and Moneybarn shouldn't have lent to him.

What happened

Mr B took out an agreement to finance the acquisition of a car in October 2024. The cash price of the car was £22,647 and Mr B paid a deposit of £1,000. Moneybarn provided credit of £21,647 to finance the balance. Moneybarn's agreement with Mr B was for a term of 60 months with monthly instalments of £780.20.

Mr B has struggled to keep up with his monthly payments and has fallen into arrears. I understand Moneybarn has moved Mr B's account to collections.

When Mr B complained to Moneybarn, it didn't uphold his complaint, it said it carried out sufficient checks before agreeing to lend and those checks showed Mr B could afford the loan repayments over the term.

Unhappy with Moneybarn's response, Mr B referred his complaint to the Financial Ombudsman Service where it was looked at by one of our investigators. Our investigator thought Moneybarn should have taken its checks further to understand Mr B's living costs. Our investigator thought that further checks by Moneybarn would likely have shown that Mr B could afford his repayments. So, our investigator didn't recommend that Mr B's complaint should be upheld.

Mr B disagreed with the investigator's findings, he said his income was less than had been taken into account and he couldn't afford the loan repayments.

As the complaint hasn't been resolved, it has been passed to me, an ombudsman to decide.

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.

Moneybarn will be aware of all the rules, regulations and industry practice we consider when assessing complaints about irresponsible/unaffordable lending. We've set out our general approach to these types of complaints - including all of the relevant rules, guidance and good industry practice - on our website. So, I don't think it is necessary to set it all out in this decision.

In summary, Moneybarn needed to ensure that Mr B could afford to make his repayments on the agreement when they fell due. The relevant rules and regulations don't prescribe what checks need to be carried out, but the checks need to be reasonable and proportionate – considering the specific circumstances of the consumer. Moneybarn needed to carry out

reasonable and sufficient checks to satisfy itself Mr B could afford the repayments on his agreement in a way that wasn't detrimental to his financial position and was sustainable.

When Mr B applied for this loan, he declared that he was a self-employed homeowner. Mr B declared a monthly income of £5,000 and expenses of £1,000. Moneybarn says it verified Mr B's income as £4,000 through credit reference agencies. It says it worked out Mr B's living costs through estimates from the Office of National Statistics (ONS). Moneybarn also searched Mr B's credit file before lending.

Moneybarn's estimate of Mr B's living costs showed that he was paying around £2,724.82 towards his essential living costs. Moneybarn's search into Mr B's credit file showed that he had no County Court Judgements but had nine defaulted accounts. The most recent was 22 months before the loan. From what I can see, the balances on the defaulted accounts had reduced compared to the original value. Moneybarn found Mr B was paying about £274 towards his active credit accounts.

Based on Moneybarn's checks, Mr B had sufficient income to meet his monthly credit commitments and be left with some disposable income.

Mr B contends with the income used to calculate his affordability and has provided copies of his bank statements. Based on the circumstances here, I don't think Moneybarn's checks should have required it to request bank statements from Mr B, but it should have asked him about his living costs. So in considering Mr B's bank statements, I've kept in mind what he would likely have told Moneybarn about his living costs at the time.

Mr B was receiving regular income into his personal account, I can see those credits were used to pay for Mr B's expenses like childcare and insurance among others. Essentially those payments served as income that was available to Mr B and he used it to cover his living expenses. I acknowledge Mr B says this wasn't his personal income, but the company's income which he was required to pay tax and other commitments from. Mr B has also provided copies of his recent tax return which shows his taxable gross was around £17,000. I'm mindful Mr B didn't tell Moneybarn that his gross income was around £17,000 when he applied for the loan. Mr B declared an income of £5,000 and Moneybarn's verification revealed an income of £4,000, an amount lower than what Mr B declared. So, I think it was reasonable for Moneybarn to rely on the income figure its checks found.

In terms of Mr B's monthly living costs, he declared £1,000. Looking at his statements, Mr B wasn't paying housing costs and the income into his personal account was sufficient to cover his monthly expenses including credit commitments.

On this basis, I don't think Moneybarn was wrong to lend to Mr B as he appeared to be in a position to repay the loan at the time the lending decision was made. I appreciate Mr B has now struggled to keep up with his repayments, but I don't think that ought to have been apparent to Moneybarn at the time it decided to lend.

I appreciate my findings will likely disappoint Mr B, but I hope my explanation helps him understand why I've reached these conclusions and why I won't be asking Moneybarn to take any steps to put things right for him on this occasion.

Did Moneybarn act unfairly or unreasonably in some other way?

I've also considered whether Moneybarn acted unfairly or unreasonably in some other way, however, for the reasons I've already given, I don't think Moneybarn lent irresponsibly to Mr B or otherwise treated him unfairly in relation to this matter. I also haven't seen anything

to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

My final decision

For the reasons given above, I do not uphold this complaint or make any awards against Moneybarn No. 1 Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 13 April 2026.

Oyetola Oduola
Ombudsman