

## The complaint

With the help of a professional representative (PR), Mr F complains that Moneybarn No.1 Limited trading as Moneybarn lent to him irresponsibly. For ease, I'll refer to the actions of the PR as being those of Mr F.

## What happened

Mr F has had two Conditional Sale Agreements with Moneybarn to acquire used vehicles. They were agreed on the following terms:

Agreement No	Date	Deposit paid	Amount of credit	Term (months)	Monthly repayment	Total payable
1	4 June 2019	£1,000	£5,134	60	£201.66	£12,897.94
2	16 Feb 2023	£1,000	£9,400	60	£340.97	£21,117.23

On 12 February 2025, Mr F complained to Moneybarn. He said it had *“failed to carry out [its] duties in assessing the creditworthiness and affordability of the credit”*. To resolve his complaint, he said *“all interest paid by [him] pursuant to the credit agreement should be refunded and [he] should receive compensatory interest on top of this. [He said Moneybarn] should also pay [him] £100 for the distress and inconvenience caused”*.

Moneybarn looked into the complaint and issued final response letters for each agreement. It set out the steps it had undertaken when assessing his applications and said it was confident the agreements had been affordable for him. It didn't uphold the complaint.

Mr F was unhappy with Moneybarn's response, so he referred his complaint to our service. One of our investigators considered it. He felt Moneybarn ought to have done more for Agreement 1, but that even if it had, it would still have agreed to lend to Mr F. Our investigator said the checks for Agreement 2 had been reasonable and proportionate. Overall, he felt both lending decisions had been fair, and he didn't uphold the complaint.

Mr F didn't agree with our investigator, so the complaint has been passed to me 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.

We've set out our approach to complaints about irresponsible and unaffordable lending on our website – including the key relevant rules, guidance, good industry practice and law. I've considered this approach when deciding this complaint.

Moneybarn needed to carry out reasonable and proportionate checks to ensure that it didn't lend to Mr F irresponsibly. I think there are key questions I need to consider in order to decide what is fair and reasonable in the circumstances of this complaint:

- Did Moneybarn carry out reasonable and proportionate checks to satisfy itself that Mr F was in a position to sustainably meet the repayments?
- If not, what would reasonable and proportionate checks have shown at the time?
- Did Moneybarn make a fair lending decision?
- Did Moneybarn act unfairly or unreasonably towards Mr F in some other way?

Moneybarn had to carry out reasonable and proportionate checks to satisfy itself that Mr F would be able to repay the agreements sustainably. It's not about it assessing the likelihood of it being repaid (sometimes referred to as credit risk), but it had to consider the impact of the repayments on him (affordability risk).

There is no set list of checks that it had to do, but it could take into account several different things such as the amount and length of the agreement, the amount of the repayments and the overall circumstances of the borrower.

### *Agreement 1*

When he applied for this agreement, Mr F declared he was employed full time and earned £1,528 per month. Moneybarn verified his income using credit reference agencies (CRA) and information from his bank. It checked his credit file which showed he had no active credit elsewhere, but had previously defaulted on three credit agreements (the most recent was over a year ago) and had a County Court Judgement (CCJ) for £300 from five months ago.

Moneybarn estimated his expenditure using data provided by the Office for National Statistics (ONS) as being around £700. It added a further 'buffer' of approximately £195 for other expenses, giving a total monthly expenditure of £895 or so. This meant Mr F had a monthly disposable income of £635 with which to meet the repayment of £202. So based on these calculations, the agreement appeared to be affordable for him.

But I'm not persuaded Moneybarn's checks went far enough in this instance. I say this because while the estimated expenditure figures made the lending look reasonable, I think the fact that Mr F had recently had a CCJ registered against him may indicate wider problems. So I think Moneybarn ought to have done more to understand Mr F's expenditure.

There is no set way Moneybarn should have done this. It might have spoken to Mr F or asked for other evidence. Mr F has sent us copies of his bank statements for a few months prior to his application for Agreement 1. Our investigator has gone into a lot of detail of what the statements show, and I don't intend to repeat all that's been said here; I agree with his analysis. In summary though, I can see Mr F's income was higher than that quoted in the application (around £2,050) and his committed essential expenditure was around £1,375.

So it seems his disposable income was in line with the calculations Moneybarn made. So I think on balance, that if Moneybarn had done more to verify his expenditure, it's more likely than not that it would still have felt the agreement was affordable for him.

I think Moneybarn reached a fair decision to lend to Mr F.

### *Agreement 2*

When Mr F applied for Agreement 2, he had become self-employed and declared earnings of £3,295 per month. Moneybarn obtained bank statements from Mr F to verify his income and used a slightly lower figure of £3,088 on which to base its' assessment of the application.

It calculated his expenditure using CRA information and ONS data as being £1,870 per month and added a buffer of £85, giving a total expenditure figure of £1,955 or so. This meant he had a monthly disposable income of £1,130 or so from which to pay the £340 repayments.

Moneybarn checked Mr F's credit file and saw he had £375 of credit elsewhere. The CCJ it had noted previously was no longer showing, but he did have some other defaulted accounts. The last default was registered 14 months prior to this application, so Moneybarn considered it as historic.

I don't think there was anything in the data Moneybarn obtained or that Mr F declared that ought to have led Moneybarn to think it should carry out further checks on his application. It appeared comfortably affordable for him and Moneybarn was satisfied with the credit risk presented by the information on his credit file.

I think the checks carried out by Moneybarn on this application were reasonable and proportionate. I think it reached a fair decision to lend to Mr F.

#### Did Moneybarn act unfairly or unreasonably towards Mr F in some other way?

I've carefully read and considered all the information provided by each party to the complaint. This includes contact notes provided by Moneybarn.

I can see that Agreement 1 went smoothly with repayments being made in full and on time until a direct debit was returned by Mr F's bank on 11 May 2021. He spoke to Moneybarn and advised he was out of work for a period but had started a new job. It agreed a payment plan for him to make up the arrears which it appears he kept to. However, he ultimately decided to return the car, and the agreement was terminated in October 2021 with nothing further to pay.

Turning to Agreement 2, Mr F paid in full and on time for the first year or so. His payments due in March, April and May 2024 were all returned unpaid by his bank, but he made the payments in full within a few days of each. He explained to Moneybarn he was having problems with his bank. Payments resumed as normal from June 2024.

I've not seen anything which makes me think Moneybarn treated Mr F unfairly in its dealings with him.

For the reasons I've already given, I don't think Moneybarn lent irresponsibly to Mr F or otherwise treated him unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A of the Consumer Credit Act 1974 would, given the facts of this complaint, lead to a different outcome here.

#### **My final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 11 May 2026.

Richard Hale  
**Ombudsman**