

## **complaint**

Mr H complains that Moneybarn No 1 Limited didn't carry out appropriate affordability checks when he entered into a car finance agreement.

## **background**

Mr H purchased a car in November 2013 and entered into a finance agreement with Moneybarn.

Mr H says that Moneybarn didn't carry out proper affordability checks. He says it only checked his monthly salary and not his outgoings or other credit commitments. Mr H says he had to take out a payday loan to pay the deposit on the car.

Mr H also complains about the way he was treated by Moneybarn when he fell into arrears. He says that staff were unsympathetic to his situation.

The investigator didn't uphold the complaint. She said that Moneybarn should have carried out checks on Mr H's monthly expenditure but that even if it had done so these checks would have shown that Mr H had sufficient disposable income to make the monthly loan repayments.

Mr H didn't agree. He said he had several payday and short term loans at the time he entered into the agreement with Moneybarn. He said that Moneybarn lent to him irresponsibly because it based its decision on a credit check and his monthly salary.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I've looked at the checks which Moneybarn carried out. I can see that a credit check with Experian was carried out. This would have shown details of other loans held by Mr H and there's no evidence to suggest that Moneybarn didn't take these into account. I can also see that Moneybarn looked at Mr H's payslips.

I can't see any information recorded to suggest that Moneybarn looked at Mr H's outgoings. This is something which I would have expected Moneybarn to check. I've looked at the available information about Mr H's outgoings at the time shown by his bank statements. After deducting outgoings from Mr H's monthly income he was left with disposable income of approximately £790. The monthly loan payments were approximately £227.

Based on the available information I'm satisfied that the loan was affordable. I say this because Mr H had sufficient disposable income to meet the loan payments. I can also see that Mr H managed the loan repayments for several months before he fell into arrears. If the loan was unaffordable I would have expected Mr H to fall into arrears much sooner than this.

I appreciate that it can be difficult to discuss an account when it has fallen into arrears. I've listened to the available calls and I'm unable to say that Mr H was treated unfairly. I would expect Moneybarn to respond positively and sympathetically and I can see that it suggested repayment plans which were more affordable for Mr H, which I think was a reasonable way to respond.

Taking all of the circumstances of the complaint into account I'm unable to say that Moneybarn shouldn't have lent to Mr H. I think that Moneybarn should have carried out further checks but on the evidence, these checks would have shown that the loan was affordable.

For the reasons given I won't be asking Moneybarn to refund interest or charges.

**my final decision**

My final decision is that I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 24 June 2018.

Emma Davy  
**ombudsman**