

## **The complaint**

Mr G complains that Oplo CF Ltd (“Oplo”), trading as 1<sup>st</sup> Stop Car Finance Limited, irresponsibly granted him a finance agreement that he couldn’t afford to repay.

## **What happened**

In September 2016, Mr G acquired a used car financed by a hire purchase agreement from Oplo. Mr G was required to make 59 monthly repayments of £265.75, with a final payment of £440.95 if he wanted to own the car at the end of the agreement. The total repayable under the agreement was £16,120.

Mr G says that Oplo didn’t complete adequate affordability checks. He says if it had, it would have seen the agreement wasn’t affordable. Oplo didn’t agree. It said that it carried out a thorough assessment which included a review of Mr G’s credit file and payslips.

Our **adjudicator** recommended the complaint be upheld. He thought Oplo ought to have realised the agreement wasn’t affordable for Mr G.

Oplo didn’t agree and said they couldn’t have been expected to know about the significant gambling Mr G was undertaking each month and that his payment to income ratio was very low and well below the level that would have triggered further affordability checks.

The case has been passed to me for a final decision.

## **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.

**Oplo** will be familiar with all the rules, regulations and good industry practice we consider when looking at a complaint concerning unaffordable and irresponsible lending. So, I don’t consider it necessary to set all of this out in this decision.

The credit check Oplo completed showed that Mr G had defaulted on three accounts in the last three years and two of those had been within the last twelve months. The balances on those defaulted accounts had barely reduced. I think this ought to have indicated that Mr G was likely to be struggling financially. It therefore would have been proportionate for Oplo to have got a more thorough understanding of Mr G’s financial circumstances before lending to him.

I think it would have been proportionate for Oplo to have found out more about Mr G’s committed expenditure, such as his living costs. I can’t be sure exactly what Oplo would have found out if it had asked. In the absence of anything else, I think it would be reasonable to place significant weight on the information contained in Mr G’s bank statements as to what would most likely have been disclosed.

I've reviewed three months of bank statements leading up to the lending decision. These show that Mr G was making a high volume of online gambling transactions, these totalled more than £2800.00 a month on average and that was more than Mr G was earning. Mr G explained that he had a gambling addiction. I think it's reasonable to suggest if the business had asked for more detail about his expenditure they would have discovered that and understood that Mr G didn't have enough disposable income to afford the additional borrowing.

### **Putting things right**

As I don't think Oplo ought to have approved the lending, I don't think it's fair for it to be able to charge any interest or charges under the agreement. Mr G should therefore only have to pay the original cash price of the car, being £7,997. Anything Mr G has paid in excess of that amount should be refunded as an overpayment.

To settle Mr G's complaint Oplo should do the following:

- Refund any payments Mr G has made in excess of £7,997, representing the original cash price of the car. It should add 8% simple interest per year\* from the date of each overpayment to the date of settlement.
- Remove any adverse information recorded on Mr G's credit file regarding the agreement.

\*HM Revenue & Customs requires Oplo to take off tax from this interest. Oplo must give Mr G a certificate showing how much tax it's taken off if Mr G asks for one.

### **My final decision**

I uphold this complaint and direct Oplo CF Ltd to put things right in the manner set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 8 December 2021.

Phillip McMahon  
**Ombudsman**