

The complaint

Mrs C complains that Marsh Finance Ltd (“Marsh”) irresponsibly granted her a loan she couldn’t afford to repay.

What happened

In July 2014, Mrs C acquired a car and financed the deal through a hire purchase agreement with Marsh. Mrs C was required to make 59 monthly repayments of £267.36, with a final optional payment of £357.36 if she wanted to own the car at the end of the agreement. The total repayable under the agreement was £16,131.60 and Mrs C paid a £100 deposit.

Mrs C says that Marsh didn’t complete adequate affordability checks. She says if it had, it would have seen the agreement wasn’t affordable. Marsh didn’t agree. It said that it carried out a thorough assessment which included verifying Mrs C’s income through payslips and a partial review of her bank statements.

Our adjudicator didn’t recommend the complaint be upheld. He thought Marsh didn’t act unfairly or unreasonably by approving the finance agreement.

Mrs C didn’t agree and said that Marsh hadn’t completed the checks they were legally obliged to do. She explained that Marsh had asked her to blackout much of the information on her bank statements and hadn’t reviewed all of them. She said the agreement was unaffordable for her and she explained she’d had to take many payday loans out to keep her head above water.

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.

Marsh 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. Information about our approach to these complaints is set out on our website.

I’ve not seen evidence that Marsh reviewed and verified Mrs C’s expenditure. Without knowing what Mrs C’s regular committed expenditure was, Marsh wouldn’t have got a reasonable understanding of whether the agreement was affordable or not. I would therefore agree with Mrs C that it therefore didn’t complete proportionate checks.

I can’t be certain what Mrs C would have told Marsh had it asked about her regular expenditure. I don’t think Marsh needed to request all bank statements, but in the absence of anything else, I’ve placed significant weight on the information contained the statements from both accounts that have been provided as an indication of what would most likely have been disclosed.

I've reviewed bank statements from two joint accounts provided. These statements show corroborate that Mrs C was earning about £1500 per month and Mr C about £1,900 prior to the application for credit.

The statements show monthly expenditure at the time was around £2,450. In calculating this figure, I've included food, petrol, insurance, utility payments, rent, council tax and other more general expenses. Taking those figures into account, it appears to show the agreement was affordable to Mrs C.

And, even if I just take Mrs C's income into account and distribute the monthly expenditure reasonably. I'd agree with the investigator that the expenditure Mrs C would likely have been accountable for was in the region of £1,100 and the finance agreement would still have been affordable for her.

For these reasons, I'm not persuaded that Marsh acted unfairly in approving the finance.

My final decision

For the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 4 May 2022.

Phillip McMahon
Ombudsman