

The complaint

Miss S complains that CarCashPoint Limited (“CarCashPoint”) lent to her irresponsibly.

What happened

In September 2021 Miss S took out a fixed sum loan with CarCashPoint for £1,060. The loan was repayable by way of 36 monthly payments of £135. The total amount payable under the agreement was £4,876.20.

Miss S started getting into difficulty with meeting the repayments in May 2022.

Miss S says the loan was made irresponsibly as she wasn’t working at the time and the loan was unaffordable.

CarCashPoint didn’t agree. It said it had reviewed her income and expenditure when she made the application and had checked her credit file. And based on that the loan was affordable.

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

But Miss S didn’t agree and so the complaint 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.

CarCashPoint 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 read and considered the whole file, but I’ll concentrate my comments on what I think is relevant. If I don’t comment on any specific point it’s not because I’ve failed to take it on board and think about it but because I don’t think I need to comment on it in order to reach what I think is the right outcome.

Before granting the finance, I think CarCashPoint gathered a reasonable amount of evidence and information from Miss S about her ability to repay. I say having noted the credit check it carried out. This showed that Miss S had a county court judgment in place. When she was asked about it, Miss S told CarCashPoint that she was in the process of disputing this and explained why. I’ve also seen that Miss S had a default registered against her in August 2019 which is more than two years before CarCashPoint granted her the loan. CarCashPoint also had sight of bank statements. However, just because I think it carried out

proportionate checks, it doesn't automatically mean it made a fair lending decision. So, I've thought about what the evidence and information showed.

I've reviewed the information and evidence CarCashPoint gathered, as well as the information Miss S provided at the time she made her application for the loan. Having done so I'm satisfied that the checks that were completed showed that the agreement was likely to be affordable to Miss S. I say this having noted that Miss S had told CarCashPoint that she was on maternity leave at the time and in receipt of state benefits of £1,500 per month. From what I've seen the average level of benefits was higher than that. CarCashPoint, having checked her bank statements, took note of the level of benefits she was receiving prior to making her application and also her regular living expenses. Based on that and also her credit check, it calculated that Miss S had enough disposable income, meaning it looked very likely she could afford the monthly repayment.

I therefore agree with our adjudicator that, having reviewed this information and taking into account Miss S's level of income, her daily outgoings and the committed expenditure shown in the credit reports I've seen, the loan was likely to have been affordable as she had sufficient disposable income to meet the monthly repayments. For these reasons, I don't think CarCashPoint acted unfairly when approving the finance application.

I've seen that Miss S told our adjudicator that she would be struggling to meet her payments this year. It's not clear if she has since contacted CarCashPoint about this. But I would urge that CarCashPoint continues to exercise forbearance and takes all steps to explore available options with Miss G.

So whilst I realise this won't be the outcome Miss S was hoping for, I consider I've seen enough evidence or information to show that this logbook loan has been made irresponsibly. I therefore don't think CarCashPoint needs to take any further action.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 20 March 2023.

Michael Goldberg

Ombudsman