

The complaint

Miss T complains that Advantage Finance Ltd (“Advantage”) irresponsibly granted her a hire purchase agreement she couldn’t afford to repay.

What happened

In April 2018, Miss T acquired a used car financed by a hire purchase agreement from Advantage. Miss T was required to make 53 monthly repayments of £120.59, with a final payment of £295.59 at the end of the agreement. The total repayable under the agreement was £6,686.86.

Miss T says that Advantage didn’t complete adequate affordability checks. She says if it had, it would have seen the agreement wasn’t affordable. Advantage didn’t agree. It said that it carried out a thorough assessment which included credit and affordability checks.

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

Miss T didn’t agree and said we hadn’t properly taken account of her circumstances at the time.

The case has therefore 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.

Advantage 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.

Before granting the finance, I think Advantage gathered a reasonable amount of evidence and information from Miss T about her ability to repay. I say this because Advantage carried out checks that included reviewing the information in her application and verifying her income. Advantage was able to identify Miss T’s occupation and her monthly income and also her residential status as a tenant. It also carried an affordability check, showing Miss T’s bank account and details about various credit commitments. Advantage found no evidence of Miss T having been in recent financial difficulties with any of these. 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 Advantage gathered. Having done so I’m satisfied that the checks that were completed showed that the agreement was likely to be affordable to Miss T. I say this because the checks assessed her total credit indebtedness as being around £3,500 and that her finances at that point were generally in good order such

that she was managing her bank account and other credit reasonably well. And whilst I've seen that Advantage found out as part of its checks that Miss T had defaulted on some accounts in the past, these were sufficiently old so as not to affect its decision to provide the credit. The fact that Miss T may have agreed repayment plans to help reduce some of these outstanding debts doesn't necessarily show that the new credit agreement would be unaffordable.

I have also seen some details about Miss T's spending before the agreement and note that it included making regular use of gambling sites. But there isn't enough evidence or information to show or suggest that the lending approved by Advantage was unaffordable.

Miss T has also told us about the difficult personal and financial circumstances she has been experiencing in recent years. Whilst I'm sorry to learn of these issues and have kept them in mind, they don't change my view.

For the reasons I've given, I therefore don't think Advantage acted unfairly when approving Miss T's finance application.

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 Miss T to accept or reject my decision before 9 June 2023.

Michael Goldberg
Ombudsman