

## **Complaint**

Mr F complains that Oodle Financial Services Limited (“Oodle”) unfairly entered into a hire-purchase agreement with him. He’s said that the monthly payments to this agreement were unaffordable.

## **Background**

In September 2018, Oodle provided Mr F with finance for a used car. The purchase price of the vehicle was £14,750.00. Mr F paid a deposit of £1,750.00 and entered into a hire-purchase agreement with Oodle for the remaining £13,000.00.

The loan had interest, fees and total charges of £4,162.80 (comprising of interest of £4,062.00, a document fee of £50 and an option to purchase fee of £50), and a 60-month term. This meant that the total amount to be repaid of £17,162.80 (not including the deposit) was due to be repaid in 1 monthly instalment of £334.38 followed by 58 monthly instalments of £284.38, followed by a final instalment of £334.38.

Mr F’s complaint was considered by one of our investigators. He didn’t think that Oodle had done anything wrong or treated Mr F unfairly. So he didn’t recommend that Mr F’s complaint should be upheld. Mr F disagreed with our investigator and the complaint was passed to an ombudsman for a final decision.

## **My findings**

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

We’ve explained how we handle complaints about irresponsible and unaffordable lending on our website. And I’ve used this approach to help me decide Mr F’s complaint.

Having carefully considered everything, I’m not upholding Mr F’s complaint. I’ll explain why in a little more detail.

Oodle needed to make sure that it didn’t lend irresponsibly. In practice, what this means is that Oodle needed to carry out proportionate checks to be able to understand whether any lending was sustainable for Mr F before providing it.

Our website sets out what we typically think about when deciding whether a lender’s checks were proportionate. Generally, we think it’s reasonable for a lender’s checks to be less thorough – in terms of how much information it gathers and what it does to verify that information – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower’s income was low, the amount lent was high, or the information the lender had – such as a significantly impaired credit history – suggested the lender needed to know more about a prospective borrower’s ability to repay.

Oodle says it agreed to this application after Mr F provided details of his monthly income. It says it also carried out credit searches on Mr F which showed some outstanding balances. But when the amount owing plus a reasonable amount for Mr F's living expenses were deducted from his monthly income the monthly payments were still affordable. On the other hand, Mr F says the monthly payments were unaffordable.

I've thought about what Mr F and Oodle have said.

The first thing for me to say is that Oodle didn't simply accept Mr F's declarations at face value as it carried out credit checks. And given what Oodle would have seen on the credit checks suggests that Mr F was managing his existing credit reasonably well, it's arguable that it was reasonable to rely on an estimate of Mr F's living costs, rather than finding out more about what they actually were. This is because there was nothing obvious which suggested that Mr F fell outside the profile of the average borrower.

Furthermore, and in any event, I don't think that Oodle carrying out further checks is more likely than not to have made a difference here. I say this because I'm satisfied that Oodle is still likely to have lent to Mr F even if it had found out more about his actual living expenses.

In my view, the information Mr F has provided does appear to show that when his committed regular living expenses and existing credit commitments were deducted from the monthly income details obtained, he did have the funds, at the time at least, to sustainably make the repayments due under this agreement. Indeed it looks as though Mr F was going to have lower outgoings going forward as he was being provided with funds by family members in order to clear, a significant proportion, of the credit balances he already had.

I accept it's possible that Mr F's actual circumstances at the time might have been worse than what proportionate checks are likely to have shown. For example, I know that Mr F says that he was consistently overdrawn. Mr F did make regular use of his overdraft. But I don't think that Mr F's use of his overdraft demonstrated that he would be able to make the repayments for this agreement.

I say this particularly as Mr F's most recent submissions are being made in support of a claim for compensation and any explanations he would have provided at the time are more likely to have been with a view to persuading Oodle to lend to him, rather than highlighting any unaffordability. Indeed, I also have to bear in mind that it was Mr F who considered it an appropriate time to purchase a vehicle on finance at this stage.

Bearing in mind the information provided now does not clearly demonstrate that Mr F's living costs meant that he couldn't afford the monthly payments, I'm satisfied that doing Oodle doing more won't have led to it reaching a different conclusion on lending to him.

Overall and having carefully considered everything, while it's arguable that Oodle's checks before entering into this hire purchase agreement with Mr F may not have gone far enough, I'm satisfied that carrying out further checks won't have stopped Oodle from providing these funds, or entering into this agreement.

So I'm satisfied that Oodle didn't act unfairly towards Mr F when it agreed to provide the funds. And I'm not upholding this complaint. I appreciate that this will be disappointing for Mr F. But I hope he'll understand the reasons for my decision and at least consider that his concerns have been listened to.

### **My final decision**

My final decision is that I'm not upholding Mr F's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 24 May 2024.

Jeshen Narayanan  
**Ombudsman**