

## **Complaint**

Mr I complains that Go Car Credit Limited ("Go Car Credit") unfairly entered into a hire purchase agreement with him. He's said that the monthly payments to this agreement were unaffordable and based on an assessment of his income which was inaccurate.

## **Background**

In September 2017, Go Car Credit provided Mr I with finance for a used car. The purchase price of the vehicle was £7,200.00. Mr I didn't pay a deposit and entered into a hire purchase agreement with Go Car Credit for the entire amount of the purchase.

The loan had interest and charges of £7,210.08 (consisting of interest of £7,200.08 and an option to purchase fee of £10) and a 48-month term. This meant that the total amount to be repaid of £14,410.08 was due to be repaid in 48 monthly instalments of £300.21.

As I understand it, Mr I has previously complained about the quality of the car in 2019. So while Mr I has mentioned the quality of the car as part of this affordability complaint, this decision is solely looking at Go Car Credit's decision to lend to him.

Mr I complained that the agreement was unaffordable and so should never have been provided to him. Go Car Credit didn't uphold the complaint. It said that its checks confirmed that the finance was affordable and so it was reasonable to lend.

Mr I's complaint was considered by one of our investigators. He didn't think that Go Car Credit had done anything wrong or treated Mr I unfairly. So he didn't recommend that Mr I's complaint should be upheld.

Mr I 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 I's complaint.

Having carefully thought about everything I've been provided with, I'm not upholding Mr I's complaint. I'd like to explain why in a little more detail.

Go Car Credit needed to make sure that it didn't lend irresponsibly. In practice, what this means is that Go Car Credit needed to carry out proportionate checks to be able to understand whether any lending could be repaid by Mr I 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.

Go Car Credit says it agreed to this application after Mr I provided details of his monthly income. It says it also carried out credit searches on Mr I which had shown Mr I was up to date with his open commitments, had a historic default from 2013 but no County Court Judgments ("CCJ") recorded against him.

Furthermore, Go Car Credit says that it combined this information with an income and expenditure assessment that it completed with Mr I and bank statements which it obtained from him. And, in its view, all of this information showed that the monthly payments were affordable for Mr I.

On the other hand, Mr I says that the payments were unaffordable because they were based on an incorrect understanding of his income and there was no way he was going to be able to maintain them.

I've thought about what Mr I and Go Car Credit have said. The first thing for me to say is that this wasn't simply a case of Go Car Credit relying on what Mr I said at face value before deciding to lend to him. It obtained a quite a bit of information from Mr I as part of considering his application.

Having considered the information Mr I provided to Go Car Credit about his finances at the time, this appears to show that when his committed regular living expenses and existing credit commitments were deducted from his monthly income, he did have the funds, at the time at least, to sustainably make the repayments due under this agreement.

I accept it's possible that Mr I's actual circumstances at the time might have been worse than what I've seen here. I've seen that he has said not all of the payments going into the account he provided bank statements for shouldn't be treated as his income. But despite having been given significant opportunity to do so, Mr I hasn't confirmed what his income was at the time and if the other credits weren't his income what the source was.

I do appreciate that it is some time since this application took place. Nonetheless, without anything to show me what Mr I's income actually was and bearing in mind Mr I provided these statements to prove his income at the time of his application, it's difficult for me to say that his income was insufficient to meet the commitments determined at the time as well as the monthly payment for this agreement.

I say this while mindful of the detail in the expenditure side of the assessment, which Mr I has confirmed the amount used in many categories was broadly correct, and the margin that was left when these outgoings are subtracted from the funds going into Mr I's account. So while I do appreciate that it might have proved more difficult for Mr I to make his payments than he'd anticipated, the crucial thing here is that I don't think that, at the time, Go Car Credit could have known that this would happen, or that it could have factored this into its consideration of whether to lend to Mr I.

I note that Mr I has referred to the outcome on another complaint he has made. I can understand why Mr I might find it strange that he's received different outcomes on

complaints which he perceives to be materially the same. But as the investigator explained, we consider complaints on an individual basis and looking at the individual circumstances.

Equally, as I explained at the start of this section of my decision, what will constitute a proportionate check will very much depend on the particular circumstances of the individual application – including the information gathered by the lender. And a proportionate check, even for the same customer, could look different for different applications.

I'm also not bound by the outcomes reached by investigators, or for that matter even those reached by other ombudsmen. Ultimately, I'm required to consider the facts of a case and reach my own conclusion. That said, and with a view to providing some clarity and reassurance to Mr I, it might help for me to explain that there are key differences between the facts of this complaint and his other one.

In Mr I's other case, which involved car finance taken out the year after this agreement, Mr I borrowed a larger amount and had higher monthly payments. Furthermore, I can't see that that lender obtained the same amount of bank statements from Mr I, as Go Car Credit did to work out his income, and the expenditure assessment completed by the other lender did not have anywhere near the same level of detail as the expenditure assessment carried out by Go Car Credit here. I understand that for this reason the investigator, in Mr I's other case, concluded that the lender didn't have sufficient information to make an informed decision on whether to lend to Mr I.

Whereas in this case, Go Car Credit was in possession of a much greater amount of information and for the reasons I've explained above, this information shows that it was fair and reasonable for Go Car Credit to conclude that the monthly payments to this agreement were affordable for Mr I.

Therefore, while I'm required to consider each case on its individual facts and not simply rubber-stamp what might have happened on previous cases, nonetheless, I don't consider that the outcome I've reached on this case is inconsistent, or incompatible, with the outcome that Mr I received on his other case.

Overall and having carefully considered everything, I'm satisfied that Go Car Credit's checks before entering into this hire purchase agreement with Mr I did go far enough. As the checks showed that the payments were affordable, I'm satisfied that it wasn't unreasonable for Go Car Credit to provide these funds, or enter into this agreement with Mr I.

I've also thought about what Mr I has said about Go Car Credit incorrectly reporting, to credit reference agencies, that he owed £300.21 on this account after he returned the vehicle and then selling on this balance. I know that Mr I says that he was told he wouldn't have to pay anything after returning the car in December 2019.

However, I've seen the statement of account for Mr I's agreement. This shows that an interest rebate of £2,267.89 was applied to Mr I's account, in December 2019, leaving him with a balance of £4,932.19. Mr I then returned the car and a credit, for the car, of £4,631.98 was applied to the account in December 2019, which left a remaining balance of £300.21.

I can't see that Go Car Credit ever received a payment for this outstanding amount. Bearing in mind what the statement of account shows and Mr I hasn't been able to provide any corroborating confirmation of him being notified that he had nothing further to pay on this agreement, I can't say that this amount wasn't owing or that it was unreasonable for Go Car Credit to sell this debt on in March 2023.

In reaching my conclusions, I've also considered whether the lending relationship between Go Car Credit and Mr I might have been unfair to Mr I under section 140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I don't think Go Car Credit irresponsibly lent to Mr I or otherwise treated him unfairly in relation to this matter. And I haven't seen anything to suggest that section 140A CCA or anything else would, given the facts of this complaint, lead to a different outcome here.

This means I don't think that Go Car Credit acted unfairly or unreasonably towards Mr I and I'm not upholding this complaint. I appreciate that this will be disappointing for Mr I. 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 I's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 3 October 2024.

Jeshen Narayanan  
**Ombudsman**