

## **The complaint**

Mr S complains that Close Brothers Limited trading as Close Brothers Motor Finance (CBMF) was irresponsible in its lending to him. He wants all interest and charges he has paid under his conditional sale agreement refunded along with interest.

Mr S is represented by a third party but for ease of reference I have referred to Mr S throughout this decision.

## **What happened**

CBMF provided Mr S with a conditional sale agreement in July 2019 to finance the acquisition of a car. The total amount repayable under the agreement was £12,919.12 through 48 monthly repayments of around £258. Mr S said that the agreement wasn't affordable and adequate checks weren't undertaken to assess his credit worthiness. He also said that the features of the agreement weren't adequately explained, and he wasn't provided with alternative options to the agreement.

CBMF issued a final response dated 23 February 2024. It said that it applied rigorous affordability checks before the offer of finance was made. It said it calculated Mr S's net disposable income based on his monthly declared income of £1,750 less his financial commitments identified through the credit search. It said that based on this the lending was affordable.

Mr S referred his complaint to this service.

Our investigator thought that given the size of the credit, the monthly repayments and the duration of the agreement, it would have been proportionate for CBMF to have got a more thorough understanding of Mr S's financial circumstances before lending. However, she thought that had this happened the agreement would have appeared affordable. Therefore, she didn't think that CBMF had done anything wrong by providing the finance to Mr S.

Mr S didn't agree with our investigator's view. He said he had several other financial commitments at the time including an informal loan arrangement and that adding this additional financial commitment exacerbated his already strained financial position. He said he was over-indebted before the agreement was provided and that the agreement wasn't sustainably affordable and placed undue financial pressure on him.

## **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.

Our general approach to complaints about unaffordable or irresponsible lending – including the key rules, guidance and good industry practice – is set out on our website.

The rules don't set out any specific checks which must be completed to assess creditworthiness. But while it is down to the firm to decide what specific checks it wishes to carry out, these should be reasonable and proportionate to the type and amount of credit being provided, the length of the term, the frequency and amount of the repayments, and the total cost of the credit.

Before the finance was provided to Mr S, CBMF gathered information about his employment, income and residential status and a credit check was carried out. Mr S declared that he was employed with a monthly net income of £1,750 and was a homeowner. An income and expenditure assessment was carried out which suggested the repayments under the agreement would be affordable. The credit check showed that Mr S had existing credit commitments including credit cards, loans and communications contracts, but it didn't raise any concerns about how he was managing these.

While the credit search didn't raise concerns about how Mr S was managing his credit commitments, it did show that he was paying a substantial amount each month towards these. Taking this into account and given the size of the lending, its term, and the monthly repayments, I think it would have been reasonable for CBMF to have carried out further checks before lending to ensure that it had a clear understanding of Mr S's financial circumstances.

Had this happened, CBMF would have identified that Mr S had a monthly net income (including wages and benefits) in the months leading up to the lending of around £2,600. Additional to this he received £1,000 a month from his partner. Considering his expenses at the time (including his mortgage, other financial commitments and general living costs), I do not find that further checks would have suggested that the repayments under the conditional sale agreement were unaffordable. So, while I acknowledge Mr S's comments about his other financial commitments at the time, I do not find in this case that further checks would have shown that this additional lending was unaffordable.

I note the other comments Mr S has made about not being provided with the details of the lending. But having looked at the conditional sale agreement, this clearly sets out the agreement terms including the key features of the product, amount of credit, interest rate, total cost of credit and repayment amounts. Therefore, I find that Mr S was provided with sufficient information to make an informed decision about whether or not to enter into the agreement. Had he decided after signing the agreement that he no longer wished to have the finance then he could have exercised his 14 day right to withdraw.

I've also considered whether CBMF acted unfairly or unreasonably in some other way given what Mr S has complained about, including whether its relationship with Mr S might have been unfair under s.140A Consumer Credit Act 1974. However, for the reasons I've already given, I don't think CBMF lent irresponsibly to Mr S or otherwise treated him unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 5 December 2024.

Jane Archer  
**Ombudsman**