

## **The complaint**

Mr H complains that Oodle Financial Services Limited was irresponsible in its lending to him. He wants all interest, charges and fees paid under his hire purchase agreement refunded along with interest and any adverse information removed from his credit file.

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

## **What happened**

Mr H was provided with a hire purchase agreement by Oodle in April 2019 to finance the acquisition of a car. Under the agreement he was required to make total repayments of £15,029.20 over 60 months. His repayments were set at around £299 for the first month followed by 58 monthly payments of around £249 and a final payment of around £299. Mr H said that adequate checks weren't carried out before the lending was provided and that the agreement has made his financial situation worse.

Oodle issued a final decision to this complaint dated 24 May 2024. It said that when Mr H applied for finance, he declared that he was self-employed with an annual income of £17,280 and that he was living with parents. It said it carried out a credit check and affordability assessment and based on its checks it considered the repayments under the agreement to be affordable for Mr H. It noted that the agreement was voluntarily terminated on 4 March 2024.

Mr H referred his complaint to this service.

Our investigator noted that the credit check carried out by Oodle showed that Mr H had historic defaults and that he was on a repayment arrangement for a credit card. He found that Mr H had missed payments towards a hire purchase agreement, but this had been brought up to date and would be replaced by the new hire purchase agreement. He thought that given the adverse information on Mr H's credit file, the term of the agreement and size of the monthly repayments, Oodle should have carried out further checks to ensure it had a thorough understanding of Mr H's financial circumstances before lending. However, he found that had further checks taken place these wouldn't have shown the agreement to be unaffordable. Therefore, he didn't uphold this complaint.

Mr H didn't agree with our investigator's view.

As a resolution hasn't been agreed, this complaint has been passed to me, an ombudsman, to issue a 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.

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 providing the finance to Mr H, Oodle gathered information about Mr H's employment, income and residential status and carried out a credit check. Mr H's credit report recorded two outstanding defaults however as these were historic (recorded in 2014) I do not find that these alone meant the finance shouldn't have been provided. However, noting that Mr H had experienced historic financial issues and that he had missed payments more recently on accounts, one of which had been placed in an arrangement, I think that Oodle needed to carry out further checks to ensure it had a clear understanding of Mr H's financial situation before lending.

I have looked through Mr H's bank account details to understand what further checks would likely have identified. Mr H declared an annual income of £17,280. While his bank statements show that his income could vary, I think that assessing the months around the lending, it was reasonable that this income figure was relied on.

Mr H was living with parents and had limited regular outgoings. He was paying for the costs of running a car, food, mobile and for his existing credit commitments. He had an existing hire purchase agreements that was settled as part of this agreement. Taking Mr H's ongoing expenses into account and including the repayments due under the new hire purchase agreement, resulted in Mr H's total monthly expenses being around £800. This includes amounts paid to a creditor which may have settled before this new agreement was put in place but was still present on Mr H's credit report.

I note Mr H's comment that he was making payments towards household costs and that he used cash to fund his general spending. I have taken this into account, but I cannot say that all cash withdrawals would have been for essential spending and noting the information available in Mr H's bank statements I do not find that this changes my position that further checks wouldn't have identified the lending as unaffordable.

I've also considered whether Oodle acted unfairly or unreasonably in some other way given what Mr H has complained about, including whether its relationship with him might have been unfair under Section 140A Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Oodle lent irresponsibly to Mr H 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 H to accept or reject my decision before 13 December 2024.

Jane Archer  
**Ombudsman**