

## **The complaint**

Mr S complains that Stellantis Financial Services UK Limited trading as Vauxhall Finance was irresponsible in its lending to him. He wants to be compensated for the impact this has had on him.

## **What happened**

Mr S was provided with a conditional sale agreement by Vauxhall Finance in January 2022 to finance the acquisition of a car. The agreement had a term of 48 months and Mr S was required to make 47 monthly repayments of around £333 followed by a final repayment of £10,350. Mr S paid a deposit of around £440 and the total amount repayable under the agreement was around £26,015. Mr S said that at the time the finance was provided he had a gambling addiction and was suffering with depression. He said that had Vauxhall Finance carried out adequate checks it would have identified that the finance wasn't affordable.

Vauxhall Finance issued a final response to Mr S's complaint dated 24 May 2024. It said that due to the time that had passed since the finance agreement was proposed in January 2022 it no longer had access to the credit application information. It said that Mr S's finance proposal was accepted and so it assumed its underwriting department had no concerns about his application. It said that it adhered to stringent credit checks and employment checks and would have looked at Mr S's credit history and income. It said that its underwriters manually check a customer's credit file for trends such as issues with repayments.

Mr S said that had Vauxhall Finance responded to his complaint within a day and showed no care or empathy. He didn't think his complaint had been properly considered and he referred it to this service.

Our investigator noted that as Vauxhall Finance hadn't been able to provide evidence of the checks carried out in regard to Mr S's finance application, she couldn't say that reasonable checks took place. She assessed the information that had been provided to understand what would likely have been identified through proportionate checks and found that this would have shown the finance to be unaffordable. Because of this she upheld this complaint and recommended that Mr S be refused any payments he had made above the original cost of the car along with 8% simple interest and that any adverse information recorded on Mr S's credit file in regard to this agreement be removed.

As Vauxhall Finance didn't respond to our investigator's view, this case was 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.

I am sorry to hear of the terribly upsetting time Mr S has experienced. I cannot imagine the distress caused by the loss of his child and I have had his unique circumstances in mind as I

have assessed 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.

Vauxhall Finance has said that credit worthiness and affordability checks took place before the finance was provided but it hasn't provided the evidence from these. Without this, I cannot say whether the checks were reasonable or if they raised concerns that meant further information should have been gathered. I also think in this case, given the amount of finance being provided, the term of the agreement, and that Mr S changed jobs around the time of the application, that Vauxhall Finance should have undertaken some verification of Mr S's income alongside checks of his expenses to ensure the lending was affordable for him.

With this in mind, I have looked through the information Mr S has provided to understand what I think reasonable checks would have identified about Mr S's financial situation at the time. I have looked through Mr S's credit report and this shows he had several credit card accounts at the time as well as other outstanding commitments. However, he appeared to be managing his existing commitments and his report didn't show any recent signs that he was struggling financially. Therefore, I do not find his credit history meant the lending shouldn't have been provided but I have factored into the affordability assessment an amount to reflect Mr S's existing credit commitments.

Mr S has provided copies of his bank statements from the time of his finance application. Looking at the three months leading up to January 2022, Mr S received on average just over £1,700 a month in income. Mr S has explained that he was made redundant and received his redundancy payment in December 2021. He has said that he was able to secure another job with a slightly lower monthly income. I think it reasonable to accept that had Mr S been asked about his income he would have provided this information and an income figure of just under £1,700 would have been used in the affordability assessment.

Mr S has explained that he was responsible for paying the full rent and at least half of the household bills. Having looked through his bank statements he was paying rent of around £387 and there were also payments for council tax, utilities and insurances. Mr S repaid some of his debts following his redundancy payment and I would have expected this to have been identified through any checks. However, he still had credit card accounts and loans outstanding. Calculating Mr S's housing and associated costs, his credit commitments, and his payments for general living costs such as food and fuel resulted in total monthly expenses of around £1,280. This would have left Mr S with disposable income before the Vauxhall Finance repayments of less than £420 (based on an income of less than £1,700). As monthly repayments under the agreement were £333, I find this should have raised concerns about whether the agreement would be affordable for Mr S over its term.

Mr S has also explained that he was gambling at the time, and this is clearly seen in his bank statements. While I would have expected Vauxhall Finance to have checked Mr S's income and gathered information about his expenses, it wasn't required to request copies of his bank statements. So, I cannot say for certain whether Mr S's gambling would have been identified had further questions been asked. However, I am upholding this complaint based on concerns about the affordability.

I've also considered whether Vauxhall Finance 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, I'm satisfied the redress I have directed below results in fair compensation for Mr S in the circumstances of his complaint. I'm satisfied, based on what I've seen, that no additional award would be appropriate in this case.

### **Putting things right**

As I don't think Vauxhall Finance ought to have approved the lending, I don't think it's fair for it to be able to charge any interest or charges under the agreement. Mr S should therefore only have to pay the original cash price of the car. Anything Mr S has paid in excess of that amount should be refunded as an overpayment.

To settle Mr S's complaint Vauxhall Finance should do the following:

- Refund any payments Mr S has made in excess of the original cash price of the car. It should add 8% simple interest per year\* from the date of each overpayment to the date of settlement.
- Remove any adverse information recorded on Mr S's credit file regarding the agreement.

\*HM Revenue & Customs requires Vauxhall Finance to take off tax from this interest. Vauxhall Finance must give Mr S a certificate showing how much tax it's taken off if he asks for one.

### **My final decision**

My final decision is that Stellantis Financial Services UK Limited trading as Vauxhall Finance should take the actions set out above in resolution of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 9 January 2025.

Jane Archer  
**Ombudsman**