

## **The complaint**

Mr M complains through a representative that STARTLINE MOTOR FINANCE LIMITED ("Startline") didn't carry out proportionate checks before lending and had it done so it would've seen the agreement wasn't affordable.

## **What happened**

In January 2019, Startline provided Mr M with a hire purchase agreement for a used car. The cash price of the car was £12,219 and a £100 deposit was paid. This led to £12,119 being financed. With interest, fees and charges Mr M was due to pay Startline a total of £18,352.40. Mr M was due to make 58 monthly repayments of £304.04 followed by a final payment of £314.04. The finance was repaid in June 2024.

Startline considered Mr M's complaint and didn't uphold it. Startline concluded adequate checks were conducted which showed the agreement to be affordable. Unhappy with this response, Mr M's representative then referred the complaint to the Financial Ombudsman.

Mr M's complaint was then considered by an investigator, and he didn't uphold it. He said the checks carried out by Startline were proportionate and showed the loan to be affordable. Mr M's representative didn't agree and said, in summary make the following points.

- At the time of taking out the agreement Mr M was self-employed and so he would also have to pay taxes based on his income received.
- Mr M's bank statements show in the months leading up to the loan being granted his income was on average £1,307.66 and Mr M wouldn't be left with enough to cover food or unforeseen emergencies.
- The statement of account shows Mr M had difficulties maintaining his payments.

These comments didn't change the investigator's assessment and so the complaint was passed to an ombudsman for a final 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.

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

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

In the circumstances of this complaint, I'm satisfied the checks carried out by Startline were proportionate, and demonstrated to it that the agreement was likely affordable to Mr M.

Mr M declared he worked full time as an employee, and his monthly income was £2,200. This figure was then cross referenced with a tool provided by a credit reference agency and the results of this check indicated that this figure was likely to be accurate.

Taking account of the regulations at the time, it was reasonable for Startline to have relied on the results of this check, as well as the information Mr M provided about his income without needing to check it further. That does mean, that Startline was entitled to believe that Mr M worked as an employee rather than being self-employed and there wasn't anything to have prompted it to have looked into this more closely. For the affordability assessment it was reasonable for it to believe Mr M's income was £2,200 per month.

Startline also carried out a credit search and it's provided a copy of the results that it received from the credit reference agency.

Historically, I can see that in 2013 Mr M must have encountered some difficulties because a number of his accounts defaulted. Around half of the defaults had been settled and since 2013, the credit file didn't show any other adverse payment information. So, I don't think Startline would've been overly concerned about the adverse information which had been reported around six years before the agreement was entered into.

Startline says that it discovered Mr M's active accounts had been managed well – with no missed payments being reported. Mr M had three credit cards with total outstanding balance of nearly £7,700 as well as five current accounts. There wasn't anything within the credit file data that would've led Startline to have either declined his application or prompted it to carry out further checks.

Mr M declared that he didn't have any housing costs and this seems to be supported by the credit file which showed that the mortgage had been repaid in 2014 and Mr M wasn't connected to any other mortgage. So, it would've been reasonable for Startline to believe that Mr M didn't have any housing costs.

In the circumstances of this complaint, Startline concluded that Mr M had sufficient monthly disposable income after the repayment of his existing credit agreements, and this hire purchase agreement to be able to cover his other day to day living costs. Taking account of his income and commitments at worst, Mr M had at least £1,500 per month to cover all other day to day costs.

It is arguable, that Startline maybe ought to have found out some more information about Mr M's day to day living costs. It could've gone about doing this a number of ways, it could've simply asked Mr M what his day to day living costs were or used an estimate, provided by for example the Office of National Statistics. To be clear, these costs would've been anything he had beyond the credit commitments Startline was already aware of – such as other direct debits.

But even if Startline had asked Mr M about his day to day living costs, or used statistics it still would've likely thought the agreement was affordable based on the declared and checked income and what else it saw in the credit file.

Overall, I don't see a reason why Startline would've thought, given everything it had gathered and what it saw in the credit file, that Mr M wouldn't be able to sustainably make his repayments towards this agreement.

I therefore do not uphold Mr M's complaint because Startline carried out proportionate checks that showed the loan to be affordable and sustainable for him.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Startline lent irresponsibly to Mr M 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.

Finally, Mr M's representative has raised some concerns about the information it was provided after it asked for a data subject access request. If Mr M's representative is unhappy with how this was handled it can in the first instance approach Startline for its response.

### **My final decision**

For the reasons given above, I do not uphold Mr M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 26 December 2024.

Robert Walker  
**Ombudsman**