

The complaint

Miss G complains about credit granted to her by Oodle Financial Services Limited trading as Oodle Car Finance.

Miss G brought her complaint to us via a representative but I will refer to her throughout for simplicity.

What happened

Oodle agreed credit for Miss G in August 2019 to finance a car. The cash price of the car was £11,660 and Miss G borrowed £10,649.84. The balance payable under the agreement came to £15,808.60 including interest and fees. This was to be repaid with an initial fee of £311.81, followed by 58 monthly instalments of £261.81, and a final option-to-buy payment of £311.81. The credit was granted under a hire purchase agreement. This meant Oodle remained the owner of the car until the credit was repaid.

A statement of the account dated July 2024 shows that Miss G met her payments on time by direct debit, apart from two returned direct debits in 2022 which she then paid within days. The balance on the account statement was less than £1,500.

Miss G complained to Oodle in December 2023 that it shouldn't have entered into the credit agreement with her. She said that suitable checks would have led to the loan being declined. Miss G said she struggled to meet her repayments and couldn't meet her other financial commitments due to the loan repayments.

Oodle didn't uphold Miss G's complaint. It said that it carried out a reasonable and proportionate affordability assessment which found that the repayments would be affordable and sustainable for Miss G.

Miss G wasn't happy with this response and referred her complaint to us. Our investigator looked into things and agreed that Oodle carried out a proportionate check before lending to Miss G, and found there wasn't anything in the information it gathered to suggest the lending would be unfair.

Miss G didn't agree with this recommendation. She asked for the complaint to come to an ombudsman to decide and it was passed to me. I issued a provisional decision on 12 December 2024 explaining why I didn't plan to uphold Miss G's complaint. I shared the information I'd relied on and allowed two weeks for comments or new information from either party. I've had no responses.

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.

Having reviewed everything again and, having no comments or new information from either party to consider, I've seen no reason to depart from my provisional conclusion. I'll explain my reasons again for not upholding Miss G's complaint in this final decision.

The Financial Conduct Authority was the regulator when Oodle lent to Miss G. Its rules and guidance said that before agreeing credit for her, it needed to check that she could afford to meet her repayments out of her usual means, without having to borrow further and without experiencing financial difficulty or other adverse consequences. The assessment needed to be proportionate both to the nature of the credit (the type of credit, amount or term, for example) and to Miss G's particular circumstances. Ultimately, Oodle needed to treat Miss G fairly and take full account of her interests when making its lending decision.

With this in mind, my main considerations are did Oodle complete reasonable and proportionate checks when assessing Miss G's application to satisfy itself that she would be able to make her repayments without undue difficulty? If not, what would reasonable and proportionate checks have shown? Would this information have led to the credit being declined? Ultimately, did Oodle make a fair lending decision? Did it treat Miss G unfairly in any other way, including whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974?

Oodle provided the information it relied on in its affordability assessment which was Miss G's application form and her credit report. Miss G gave her gross annual salary as £19,200, and said she was in full time employment and rented privately. Oodle said it used data from the Office of National Statistics (ONS) to estimate Miss G's monthly expenses and concluded that the maximum monthly amount she could afford to repay would be £488.33.

Oodle hasn't provided its estimates of Miss G's monthly income or expenditure. It said in its final response to Miss G that it had used electronic income verification in its assessment, but it hasn't provided any further detail of this either to Miss G or to this Service. Oodle also said in its final response that Miss G had confirmed her income to be £19,200 at the time which was around £1,393 net a month, but the bank statements she'd provided to it in support of her complaint showed her actual income was higher than what she'd presented.

The bank statements were for a joint account so it's not surprising that there was more income coming into the account than Miss G had declared. The regulations allow for lenders to consider that an applicant could make payments not only out of their own income but also out of income or savings held jointly with another, as long as it was reasonable to consider that these funds were available to meet the repayments.

Miss G's credit report showed that she didn't have a high level of existing debt. Miss G had an existing hire purchase agreement with a balance of £2,538 and repayments of £148, and three mail order accounts with a combined credit limit of £1,275. Her existing hire purchase balance was to be repaid with this new agreement, and there had been no reported issues with her repayments.

The credit report also showed four defaulted accounts with a total balance of £519, the latest of which was dated June 2016. I don't think that these defaults would, or should, have caused concern for Oodle given the last one was reported over three years previously. I note that Miss G had missed payments on one of her current accounts with an overdraft facility of £250 within the last six months, but no issues were reported for the previous two months.

However, Miss G was borrowing a considerable amount relative to what she'd said about her income, and would need to meet the repayments for five years, with significant adverse consequences if she couldn't do so. I think it would have been reasonable and proportionate for Oodle to have verified Miss G's income and expenses before entering into the

agreement. I can't find that Oodle carried out a proportionate assessment on this occasion with the information available to me, and I've considered what such a check might have revealed about Miss G's circumstances.

Miss G said that Oodle's assessment didn't account for the full extent of her actual financial obligations, and although her credit file showed her accounts were up to date it didn't reflect the financial strain she was under at the time. Miss G said that her monthly expenses were in the region of £1,500 to £1,900 and took up all her income.

I've reviewed the bank statements that Miss G provided to Oodle in support of her complaint. I'm not suggesting this is the information that Oodle should have used in its assessment, but it is the information I have and I think it's reasonable to rely on it to consider what a proportionate check might have revealed.

As mentioned, these are joint bank statements which show two sources of income: one of around £1,250 a month, the other £3,150 on average. Miss G said that the lower amount was her salary. These deposits remained in the account and are not obviously transferred elsewhere, so it seems reasonable to consider that both sets of wages were available to meet the monthly household expenses, or that Miss G paid a proportionate amount towards these.

Identifiable monthly non-discretionary expenses shown on the statements come to around £1,625 including rent, council tax, insurance, utility and media payments, and food and transport costs. The statements also show payments to a debt collector amounting to £10, which might relate to the defaulted accounts mentioned above and payments to a mail order company of around £30. There is no overdraft use or signs of financial distress such as returned payments.

Had Oodle carried out further checks before lending to Miss G and asked for evidence of her income and expenditure, for example, I think it would have been reassured that she would have been able to meet her repayments for the finance while meeting her other financial commitments and her usual expenses. I don't think further checks would have led Oodle to decline to lend to Miss G and so I haven't found was irresponsible to have entered into the agreement as it did, or that it treated her unfairly. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here. It follows that I am not upholding Miss G's complaint.

I appreciate that this will be a disappointing outcome for Miss G. When she made her complaint to Oodle she shared that she was experiencing a significant life event, was planning to move out of the family home and was struggling to meet her repayments. I am sorry to hear of Miss G's difficulties and I hope that things are easier for her now. I don't consider that these events were foreseeable at the time Oodle was making its lending decision, though I would remind it of its obligation to treat Miss G with forbearance and due consideration if she is still having problems meeting her repayments.

My final decision

For the reasons I've explained above, I am not upholding Miss G's complaint about Oodle Financial Services Limited trading as Oodle Car Finance.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 3 February 2025.

Michelle Boundy

Ombudsman