

## **The complaint**

Miss E complains that STARTLINE MOTOR FINANCE LIMITED (SMFL) was irresponsible in its lending to her. She wants all interest and charges she has paid under her hire purchase agreement refunded along with interest and any adverse information removed from her credit file.

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

## **What happened**

Miss E took out a hire purchase agreement with SMFL in August 2018 to finance the acquisition of a car. The total amount repayable under the agreement was £10,210 with Miss E required to make 47 monthly payments of £212.50 followed by a final repayment of £222.50.

Miss E said that SMFL didn't carry out adequate affordability checks before the agreement was provided to ensure that the repayments would be affordable for her.

SMFL issued a final response not upholding Miss E's complaint. It said that before the finance was provided creditworthiness and affordability assessments took place. It said Miss E declared that she was working and a payslip was used to verify her monthly net income of £2,430. It noted Miss E's credit report showed her active accounts to be well paid and up to date. It recorded that Miss E had three historic defaults one of which had been repaid and two were being repaid by monthly combined payments of £70. It said that its checks showed the agreement to be affordable for Miss E.

Miss E referred her complaint to this service.

Our investigator noted that Miss E's income had been verified which she thought was reasonable. However, she also thought that SMFL should have found out more about Miss E's committed expenditure. She considered what would have been identified had further checks happened but as she didn't find that these would have shown the agreement to be unaffordable, she didn't uphold this complaint.

Miss E didn't agree with our investigator's view and provided further details of her income and expenses. But as this didn't change our investigator's view, this case 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 the finance was provided, SMFL gathered information about Miss E's employment and verified her income. I find this reasonable. A credit check was carried out which showed that Miss E had three defaults recorded. But as these were historic (two recorded in 2016 and one in May 2017) and Miss E was managing her active accounts well with no recent adverse data recorded, I do not find the defaults necessarily meant the lending shouldn't have been provided. However, given Miss E had experienced previous financial issues just over a year before this agreement was provided, and noting the amount being lent, agreement term and repayments required, I think it would have been reasonable for SMFL to have gathered details of Miss E's expenses as well as verifying her income to ensure the lending was affordable for her.

Miss E has said that her rent at the time was £350 and increased to £395 in July 2018. While I do not find that SMFL was required to request copies of Miss E's bank statements I have looked through these to understand what further questions about her expenses would have identified. Miss E was making regular payments for utilities, council tax, insurance and communications contracts. These totalled around £390 a month.

Miss E had existing credit commitments. These included a hire purchase agreement costing £234 a month which was replaced by this agreement. As the SMFL hire purchase agreement required slightly lower monthly repayments than Miss E's previous hire purchase agreement this will have slightly reduced her financial commitments. She had made use of short-term loans, but these had been repaid. This left her credit card payments (credit limit of £200), mail order account and her payments towards her defaulted accounts.

Deducting the above payments from Miss E's income along with amounts for her general living costs such as food and fuel would leave her with sufficient disposable income to cover the cost of the hire purchase repayments with a reasonable amount of income remaining. Therefore, I do not find that further checks would have suggested this agreement to be unaffordable.

I've also considered whether SMFL acted unfairly or unreasonably in some other way given what Miss E has complained about, including whether its relationship with her might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think SMFL lent irresponsibly to Miss E or otherwise treated her 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 Miss E to accept or reject my decision before 24 February 2025.

Jane Archer  
**Ombudsman**