DRN-5257152

The complaint

Mr C complains that Go Car Credit Limited ('Go Car Credit') irresponsibly granted him a hire purchase agreement he couldn't afford to repay.

What happened

In August 2022 Mr C acquired a used car financed by way of a hire purchase agreement from Go Car Credit. The total amount of credit was £8,000. He was required to make 48 monthly repayments of £311.15. The total repayable under the agreement was £14,945.20.

Mr C says Go Car Credit failed to carry out proper checks to ensure the agreement was affordable for him and that he'd be able to repay it sustainably.

Mr C complained to Go Car Credit in September 2024. When Go Car Credit didn't uphold the complaint Mr C brought it to this service.

Our investigator didn't think Go Car Credit had acted unfairly in approving the finance. He thought it was likely that Go Car Credit had made a fair lending decision.

As Mr C doesn't agree, his complaint has been passed to me for 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.

We've explained how we handle complaints about unaffordable and irresponsible lending on our website. And I've used this approach to help me decide Mr C's complaint.
I'd like to reassure Mr C that I've looked at the complaint afresh and independently reviewed all the available evidence and information. Having done so, I've decided not to uphold Mr C's complaint for broadly the same reasons as our investigator. I'll explain why in more detail.

In order to consider whether or not Go Car Credit made a fair lending decision, I've thought whether I can say its checks were reasonable and proportionate and if not, what I would have expected such checks to show.

Did Go Car Credit carry out reasonable and proportionate checks to satisfy itself that Mr C would be able to repay the agreement in a sustainable way?

Like our investigator, I'd expect to see information and evidence about the checks Go Car Credit carried out at the time. And I'd expect that information to be borrower-focused. In Mr C's case, his application was passed to Go Car Credit's underwriting team to assess his ability to meet the new payments on a sustainable basis. This included speaking to him over the phone as part of the application process to go through an affordability assessment.

Mr C's monthly income was verified as being £2,427. Go Car Credit also asked him to go through the items of spending he had to budget for each month, such as rent, utilities, food and car costs. Having done so, it calculated that Mr C had monthly spending to meet of £1161 – that's slightly more than the figure of £1071 that the total of the details he gave at the dealership worked out to. That left him with £1,265 in disposable income. Go Car Credit deducted a further £300 to take into account possible unexpected costs. This all means the checks showed he was likely to have around £965 available each month by way of disposable income. So, even allowing for variations in his income, further non-budgeted spending and emergencies, the new agreement looked to be affordable.

I've also seen that a credit check was also carried out. The credit check showed that Mr C had gone into default on four separate credit accounts between 2016 and 2019. Although they were by then a few years old, I think that's a potential source of concern, especially if they remained unpaid – it's not clear to me if that's the case. But I also consider that the checks Go Car Credit applied were enough to establish the likely affordability of the new credit. And I've kept in mind that Go Car Credit often accepted applications from people who have issues in their credit history and so it needs to carry out thorough checks before lending.

Mr C told us about having had issues with gambling. I haven't seen anything about this in the application paperwork I've seen so I don't think Mr C mentioned it. But had it seen something in its checks that prompted it to ask Mr C about gambling – or if it had gone on to request copies of his bank statements - I'm not sure he would have said it was a problem that might affect his ability to afford the agreement going forwards, given that he was understandably keen to be approved for the car he wanted to acquire.

On that basis, I think the checks Go Car Credit did were enough in this case to establish that Mr C would likely be able to meet the monthly repayments and be able to do so without becoming financially stretched. So I think the checks were reasonable and proportionate and Go Car Credit didn't need to do anything more.

Did Go Car Credit make a fair lending decision?

The question here is what the evidence and information obtained in the checks showed.
As I've said, Go Car Credit had verified Mr C's income and typical monthly spending, based on which it found that he had a sufficient level of disposable income.
I'm in agreement with our investigator that the evidence and information showed it was likely that that Mr C had sufficient funds to be able to meet the sum required under the agreement each month and to be able to continue paying that sum on a sustainable basis.

Just to be clear, though, I am not suggesting that Mr C wouldn't have to be careful with his spending going forwards, having taken on this substantial new lending commitment that would run for almost five years. But from what I've seen, Mr C's financial situation appeared to be relatively stable, with a regular income coming in and no evidence of difficulties in meeting his commitments.

It follows that I think the agreement was likely to be affordable to Mr C. For this reason, I'm not persuaded that Go Car Credit acted unfairly in approving the finance.

Finally, I've seen that Mr C feels he was put under pressure to take out the finance. I agree with our investigator that there's not enough to support that, based on the available evidence and information I've seen. I do appreciate though that this is a very subjective issue. But based on what I've seen as to how Go Car Credit took Mr C through the process of applying for the finance, I think he was able to make an informed decision before agreeing to take it out. It is of course open to Mr C to raise this as an issue with the car dealership if he feels he was put under undue pressure there to purchase the car.

I'd like to add that I'm sorry to hear about the difficult personal circumstances Mr C has been through, both at the time of taking out the agreement as well as since then.

I've also considered whether the relationship between Mr C and Go Car Credit might have been unfair under Section140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Go Car Credit lent irresponsibly to Mr C or otherwise treated him unfairly. I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

My final decision

For the reasons I've given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 28 August 2025.
Michael Goldberg
Ombudsman