

The complaint

Mr C, who is represented by a third party, complains that Oodle Financial Services Limited (“Oodle”), irresponsibly granted him a hire purchase agreement he couldn’t afford to repay.

What happened

In July 2019 Mr C acquired a used car financed by a hire purchase agreement from Oodle. Mr C was required to make an initial payment of £416.62 followed by 58 payments of £366.62 and then a final payment of £416.62. The capital price of the car was £15,998.00 plus a deposit of £130. The total repayable under the agreement was £22,227.20.

Mr C says that Oodle didn’t complete adequate affordability checks. He says if it had, it would have seen the agreement wasn’t affordable. Oodle didn’t agree. It said that it carried out a thorough assessment which included using credit checks and statistical data.

Our investigator didn’t recommend the complaint be upheld. She thought Oodle didn’t act unfairly or unreasonably by approving the finance agreement.

Mr C and those representing him didn’t agree, saying that Mr C didn’t have sufficient disposable income available each month to cover the new repayment.

The complaint has therefore been passed to me 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 unaffordable and irresponsible lending on our website. And I’ve used this approach to help me decide Mr C’s complaint.

Oodle carried out checks to see if the agreement would be affordable. Mr C gave details about his income and employment on his application. I note that he said he was in full-time employment and stated his annual income. He also said he was living with his partner. Oodle looked at this information and used it to carry out an affordability assessment to see if Mr C could meet the repayments sustainably. Oodle also says it relied on national statistics data to help it to calculate if the agreement was likely to be affordable. The regulator has said a firm can estimate expenditure unless it knows or there are indicators to suggest an estimate is unlikely to be accurate.

The credit check Oodle completed for Mr C showed he’d defaulted on some credit in 2015 which remained unpaid. Although that was around four years earlier, I don’t think its relevance can be discounted given that it remained unpaid. So I think it might have been prudent for Oodle to then carry out better checks or at least to ask Mr C about what had happened with the default. I’ve also kept in mind that Mr C was planning to borrow a large sum repayable over a five-year period. That means there was a risk that Mr C could start to struggle with meeting the repayments for the agreement if they became unsustainable.

I should add that problems in a payment history of this type wouldn't automatically be enough to exclude him from being granted this credit. I say this in the knowledge that Oodle's customer-base includes those with county court judgments and who for that and other credit-related reasons have experienced problems obtaining credit elsewhere. But I do think that in this case it would have been reasonable and proportionate for Oodle to have done more to better understand Mr C's specific financial circumstances, especially since the default looked to be unpaid.

I've considered what Oodle would likely have found if it had completed reasonable and proportionate affordability checks. One of the ways that Oodle could have verified Mr C's expenditure was by reviewing bank statements in the run-up to the lending decision. Those representing Mr C have instead provided us with an open banking report which looks to be for a joint account Mr C had with his partner. Although such reports can provide useful information about someone's financial circumstances in the same way as bank statements, they don't always provide the level of detail that's needed to give a good enough picture of what's happening with the customer's financial circumstances at a given time. And here it's not been possible to easily work out how household spending and other committed costs were being shared between Mr C and his partner. An analysis of how income is being spent, whilst useful, is of limited value when it's being set out against household outgoings that are likely to be shared to some degree.

I've seen that when responding to our investigator's finding, Mr C and those representing him sent us an overview of his expenditure. Essentially, this is a further analysis of spending that is said to span a three-month period. It confirms he was receiving an average net monthly income of around £2,400 and then goes on to suggest that he would be left with an average disposable income of £391 - in other words enough to meet the new monthly payment with only £25 to spare. Our investigator requested bank statements so as to get a better understanding of Mr C's financial circumstances at the time. But these weren't provided.

Given the specific circumstances of this complaint, I think it would have been helpful to have full bank statements for the period leading up to the agreement. So I asked the investigator who is now dealing with the complaint to request these. I also asked for further details to better understand how much Mr C's partner was contributing to household and other committed costs. I also queried a monthly sum of £347.45, asking what it was and who was paying it. It occurs to me that this may well have been a previous car loan that would end with the start of the new agreement, but I simply can't say for sure based on the available information.

Those representing Mr C have said that there was a period of time when Mr C's partner wasn't earning much due to opening their own business. Our investigator provided more time for Mr C to come back with further information but nothing more was received by the deadline we set. In particular, we haven't been sent any bank statements.

So, having given Mr C and those representing him the opportunity to provide me with further evidence and information, I don't think there's enough to show that the agreement was likely to be unaffordable to Mr C or that he'd have difficulties paying it on a sustainable basis going forwards. I'm therefore not persuaded that Oodle acted unfairly in approving the finance.

I've also considered whether the relationship between Mr C and Oodle 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 Oodle 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.

I'm sorry to have to disappoint Mr C on this occasion.

My final decision

For the reasons I've given, 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 22 August 2025.

Michael Goldberg
Ombudsman