

## Complaint

Mr H complains that Oodle Financial Services Limited (trading as “Oodle” Car Finance) unfairly entered into a hire-purchase agreement with him. He’s said that the finance was unaffordable and this created an unfair lending relationship.

## Background

In January 2018, Oodle provided Mr H with finance for a used car. The the total cash price was £14,100.00. Mr H paid a deposit of £6,000.00 and entered into a hire-purchase agreement with Oodle for the remaining amount of £8,100.00.

The loan had total interest, fees and charges of £3,178.24 (made up of interest of £3,078.24, a document fee of £50 and an option to purchase fee of £50) and a 48-month term. This meant that the balance to be repaid of £11,278.24 (which does not include Mr H’s deposit) was due to be repaid in a first monthly payment of £282.88, followed by 46 monthly instalments of £232.88 and then a final monthly payment of £282.88.

In April 2024, Mr H complained to Oodle saying that it shouldn’t have entered into this hire-purchase agreement with him, as it ought to have realised that it was unaffordable and this resulted in an unfair lending relationship.

Oodle did not uphold Mr H’s complaint. It believed that Mr H had complained about too late. Mr H remained dissatisfied at Oodle’s final response and referred his complaint to our service.

Mr H’s complaint was considered by one of our investigators. She reached the conclusion that proportionate checks would not have shown Oodle that it shouldn’t have entered into the hire-purchase agreement with Mr H. So she didn’t think that Mr H’s complaint should be upheld. Mr H disagreed with our investigator and the complaint was passed to an ombudsman for a final decision.

## My findings

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

### *Basis for my consideration of this complaint*

There are time limits for referring a complaint to the Financial Ombudsman Service. Oodle has argued that Mr H’s complaint was made too late because he complained more than six years after the decision to provide the finance as well as more than three years after he ought reasonably to have been aware of his cause to make this complaint.

Our investigator explained Mr H’s complaint was one alleging that the relationship between him and Oodle was unfair to him as described in s140A of the Consumer Credit Act 1974 (“CCA”). She also explained why this complaint about an allegedly unfair lending relationship had been made in time.

Having carefully considered everything, I've decided not to uphold Mr H's complaint. Given the reasons for this, I'm satisfied that whether Mr H's complaint was made in time or not has no impact on that outcome.

I'm also in agreement with the investigator that Mr H's complaint should be considered more broadly than just the lending decision. I consider this to be the case as Mr H has not only complained not about the decision to lend but has also alleged that this resulted the lending relationship between himself and Oodle being unfair to him.

I'm therefore satisfied that Mr H's complaint is one that is about the overall fairness of the lending relationship between him and Oodle. I acknowledge Oodle still doesn't agree we can look Mr H's complaint, but given the outcome I have reached, I do not consider it necessary for me to make any further comment, or reach any findings on these matters.

In deciding what is fair and reasonable in all the circumstances of Mr H's case, I am required to take relevant law into account. As, for the reasons I've explained above, I'm satisfied that Mr H's complaint is about the fairness of the lending relationship between him and Oodle, relevant law in this case includes s140A, s140B and s140C of the CCA.

S140A says that a court may make an order under s140B if it determines that the relationship between the creditor (Oodle) and the debtor (Mr H), arising out of a credit agreement is unfair to the debtor because of one or more of the following, having regard to all matters it thinks relevant:

- any of the terms of the agreement;
- the way in which the creditor has exercised or enforced any of his rights under the agreement;
- any other thing done or not done by or on behalf of the creditor.

Case law shows that a court assesses whether a relationship is unfair at the date of the hearing, or if the credit relationship ended before then, at the date it ended. That assessment has to be performed having regard to the whole history of the relationship. S140B sets out the types of orders a court can make where a credit relationship is found to be unfair – these are wide powers, including reducing the amount owed or requiring a refund, or to do or not do any particular thing.

Given Mr H's complaint, I therefore need to think about whether Oodle's decision to lend to Mr H, or its later actions resulted in the lending relationship between Mr H and Oodle being unfair to Mr H, such that it ought to have acted to put right the unfairness – and if so whether it did enough to remove that unfairness.

Mr H's relationship with Oodle is therefore likely to be unfair if it didn't carry out reasonable and proportionate checks into Mr H's ability to repay in circumstances where doing so would have revealed the repayments to the agreement to have been unaffordable, or that it was irresponsible to lend. And if this was the case, Oodle didn't then somehow remove the unfairness this created.

I'll now turn to whether Oodle acted fairly and reasonably when entering into the hire-purchase agreement with Mr H.

*What we consider when looking at complaints about irresponsible or unaffordable lending*

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

Oodle says it agreed to this application after Mr H provided details of his employer as well as his annual income. It says it also carried out credit searches on Mr H and when reasonable repayments towards the amount Mr H owed on his active accounts, plus a reasonable amount for Mr H's living expenses were deducted from his monthly income the monthly payments were affordable.

On the other hand, Mr H says the monthly payments were unaffordable and entering into the hire-purchase agreement with him in these circumstances resulted in an unfair lending relationship.

I've thought about what Mr H and Oodle have said.

The first thing for me to say is that given Oodle hasn't provided the details of the credit check it carried out, or any indication of what steps it took to check Mr H's declaration of income, much like our investigator, I'm unable to agree that the checks Oodle carried out went far enough in this instance.

However, I think it's worth me emphasising that just because I don't think that Oodle carried out sufficient checks this, on its own, doesn't mean that Mr H's complaint should be upheld. Indeed, where a firm didn't carry out, or cannot evidence having carried out, sufficient checks we would usually only go on to uphold a complaint in circumstances where we were able to recreate what reasonable and proportionate checks are likely to have shown – typically using information from the consumer – and this clearly shows that the repayments in question were unaffordable.

I have therefore gone on to consider what I think proportionate checks into Mr H's circumstances are more likely than not to have shown Oodle. Bearing in mind the length of time of the agreement and the amount of the monthly payment, I would have expected Oodle to have had a reasonable understanding about Mr H's regular living expenses as well as his income and existing credit commitments.

That said, I don't think that Oodle carrying out further checks is more likely than not to have made a difference here. I say this because I'm satisfied that Oodle is still likely to have lent to Mr H even if it had found out more about his actual living expenses, rather than relied on estimates.

I say this because in my view, when reasonable repayments to Mr H's existing credit are added to the payments which I've been able to see for Mr H's living expenses (in the information he has provided) and then deducted from the funds he received, he does appear to have had sufficient funds to make the payments to this agreement.

I note that Mr H has now carried out a line-by-line analysis of his bank statements and, in his view, he didn't have enough left over for emergencies once the payments to this agreement was deducted from his disposable income. The first thing for me to say is that Mr H's analysis has been carried out with the use of bank statements and this includes all of his expenditure. In these circumstances, I don't think that the amount Mr H has concluded he had left over means that it was unreasonable for Oodle to have lent to him, especially when bearing in mind that he was covering over 40% of the cash price with his deposit.

I also have to keep in mind that Mr H's most recent submissions are being made in support of a claim for compensation and any explanations Mr H would have provided at the time are more likely to have been with a view to persuading Oodle to lend, rather than highlighting any unaffordability. So I think it unlikely that Mr H would have volunteered that he had the level of expenditure he's now referring to, particularly as Oodle wasn't required to request bank statements from him in the first place.

Having considered all of this and weighed it up in the round, I don't think that Oodle accepted an application that was obviously unaffordable, or that it ought reasonably to have realised would cause significant harm to Mr H. As this is the case, I don't think that it was unfair for Oodle to have entered into hire-purchase agreement with Mr H, or that it doing so created unfairness.

Overall, and based on the available evidence I don't find that the lending relationship between Mr H and Oodle was unfair to Mr H. I've not been persuaded that Oodle created unfairness in its relationship with Mr H by irresponsibly lending to him when it entered into this hire-purchase agreement with him. And I don't find Oodle treated Mr H unfairly in any other way either based on what I've seen.

So overall and having considered everything, while I can understand Mr H's sentiments and appreciate why he is unhappy, I'm nonetheless not upholding this complaint. I appreciate that this will be very disappointing for Mr H. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

### **My final decision**

My final decision is that I'm not upholding Mr H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 17 March 2025.

Jeshen Narayanan  
**Ombudsman**