

The complaint

Mr B complains through a representative that Oodle Financial Services Limited (“Oodle”) gave him a hire purchase agreement without carrying out sufficient affordability checks. Mr B says that as a result of being given the hire purchase agreement he has experienced financial hardship.

What happened

In September 2020, Oodle provided Mr B with a hire purchase agreement for a used car through a credit intermediary. The cash price of the vehicle was £24,995 and Mr B paid a £1,000 deposit and so £23,995 was financed. The agreement had interest, fees and charges of £15,096.60 and Mr B had a total to repay of £40,091.60. Mr B was due to make a payment of £699.86 followed by 58 payments of £649.86 followed by a final payment of £699.86.

The statement of account shows the account was in arrears but Mr B made a payment of £18,000 in January 2023. That still left a balance of around £3,340 to pay.

Oodle issued a final response letter about Mr B’s complaint in February 2024, and it didn’t uphold it. Mr B’s representative then referred the complaint to the Financial Ombudsman.

Mr B’s complaint was then considered by an investigator who didn’t uphold it. The investigator said the credit check results had adverse payment information which meant Oodle ought to have taken a closer look at Mr B’s finances. However, even if further checks had been conducted, then Oodle would’ve still lent to him.

Mr B’s representatives didn’t accept the findings saying its affordability assessment shows his disposable income was too small to be able to afford the repayments. These comments didn’t change the investigator’s assessment and so the complaint has been passed to an ombudsman 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 irresponsible and unaffordable lending on our website. And I’ve used this approach to help me decide Mr B’s complaint. Having carefully thought about everything I’ve been provided with I’m not upholding Mr B’s complaint. I’d like to explain why in a little more detail.

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 B 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 as part of the application process took details of Mr B's income which he declared was £55,000 per year - gross. Oodle, didn't as far as I can see do anything else to check the accuracy of Mr B's income.

Mr B declared he was a homeowner and had lived at the address for eight years. Taking the income and residential status into account, Oodle says it then used information extracted from the Office of National Statistics to work out Mr B's likely living and housing costs. Oodle, hasn't been able to provide us exactly what calculations it carried out and what those calculations showed it. But it did say the monthly repayment Mr B was committed to paying was smaller than the maximum amount its calculations showed Mr B could afford.

Oodle conducted a credit search before granting the agreement and it has provided a copy of the results that it received. I've considered these results to in order to see whether Oodle was given any indication that Mr B was or was likely having financial difficulties at the time the agreement was granted.

The credit checks did show some impaired repayment history especially over the last nine months or so - several accounts including a credit card and a telecommunications account had entered arrears. There were also times when Mr B exceeded his credit limit on his credit cards – but those providers hadn't reported any adverse payment information with the credit reference agencies – but still it was a sign that Mr B wasn't able to stick to his credit limits.

There was a historic default that was satisfied in 2016, but I don't think that on its own is enough to have led Oodle to conduct further checks. But the other adverse payment information ought to have led it to conclude that it needed to do more before lending and it wasn't reasonable of it to have relied on ONS data for Mr B's living costs when he had shown difficulties in making his repayments.

Given when the finance was approved, and when some of the repayment problems occurred these may or may not have been down to the pandemic which was ongoing at the time. But regardless of what impact this may have had on Mr B's ability to repay his existing creditors – Oodle ought to have done more as he did have adverse payment information.

In the absence of any evidence of the income check it says it carried out and understanding what Mr B's actual living costs were – or at the very least providing the figures it used for its own assessment. Then I've concluded like the investigator that the checks needed to go further before approving the finance. In those circumstances it just wasn't fair nor reasonable to have relied on statistical data to determine what his likely living costs were – when it was aware of the recent impaired credit history.

Oodle's checks could've gone further simply by asking Mr B what his actual living costs were rather than solely relying on statistical data either by asking for evidence from Mr B about his bills, obtaining other documentation or as I've done, it could've asked for copy bank statements. To be clear, this was only to help Oodle establish what if any non-discrepancy

expenditure he may have had. Oodle, also ought to have made some checks into Mr B's income.

I've only used the bank statements to get an idea of what Mr B's regular living costs are likely to have been at the time. I've not done this because I think Oodle ought to have requested this information as part of underwriting this loan. After all, Oodle already had a reasonable idea about Mr B's existing credit commitments.

I accept that had Oodle conducted proportionate checks it may not have seen all the information that I have seen. But, in the absence of Oodle conducting a proportionate check I do think it's fair and reasonable to consider statements that I now have access to. And having looked at the statements I've come to the same conclusions as the investigator for broadly the same reasons.

I also haven't considered the detailed analysis provided by Mr B's representatives. While I've thought about what it has provided, I do have some concerns, for example there is a payment to a finance provider of £10,000 in July 2020 which does appear to have been a one off payment and so wouldn't have been a regular commitment moving forward.

Firstly, while Mr B had declared that he owned his home – as part of the application. He has provided additional testimony and a tenancy agreement to show this property was rented. In addition, from the end of June 2020, Mr B was solely responsible for the rent at £1,250 per month. This would've been apparent had proportionate checks been carried out.

Although, it's worth saying here that even after Mr B says that he become solely responsible for the rent, the third party continued to make payments into his account – and I've kept that in mind while thinking about Mr B's outgoings.

I also think it's fair to say, given the testimony that Mr B's income at this time was sporadic and did fluctuate – there were also benefit payments, and some of the earlier analysis provided by his representative confirmed some of his pay related to backdated furlough. But given what Mr B declared to Oodle and what I can see being paid into the account than the average wasn't as high as Mr B's representative suggested but still given what was received, the agreement would've appeared affordable.

On top of this I can see payments to a number of credit cards which were around £500, although these do fluctuate month on month. A mobile phone payments of around £100 which again fluctuates, utilities of £200 and a number of TV and music subscription services of around £57 per month. Overall, given the regularly direct debits that I can see, and taking account payments by the third party – Mr B's regular non-discretionary payments came to around £2,300 per month – on average – which is broadly in line with what the investigator worked these out to be.

Given Mr B's income – albeit that it had fluctuated and given how the current account was conducted there does appear to have been a sufficient amount of disposable income to afford his loan repayments and any other living costs he may have had.

Bearing in mind this additional check wasn't intended to be a fully forensic accounting review of Mr B's circumstances, then I think overall, given the living costs and expenditure that I can see in the bank statements as well as taking account of Mr B's income, Oodle would've thought – just thinking about Mr B's regular payments and living costs that he could've afforded the agreement.

I've therefore not upheld Mr B's complaint.

Other considerations

I can see that Mr B's representative has said that Mr B had difficulty making his repayments and this is reflected in both the statement of account as well as the account notes that have been provided. I can also see that there have been a number of repayment plans agreed between Mr B and Oodle.

However, I also have to consider that in January 2023, Mr B received an outcome from the Financial Ombudsman – under a different complaint reference - dealing with the default notice and the help and support offered by Oodle. As a result, it isn't appropriate for me to reconsider or comment on this point further.

Overall, having looked at what Oodle knew and what it did to assist Mr B I do think it just about treated him fairly and so it doesn't need to pay or do anything further in relation to this element of the complaint.

As I've said above, the statement of account indicates that an outstanding balance may still be owed – then Mr B may wish to contact Oodle to discuss a mutually agreeable way forward. If there is still a balance to repay, I would remind Oodle of its obligation to treat Mr B fairly and with forbearance – if necessary.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Oodle lent irresponsibly to Mr B or otherwise treated him 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

For the reasons I've explained above, I'm not upholding Mr B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 22 May 2025.

Robert Walker
Ombudsman