

## **The complaint**

Miss H complains that Go Car Credit Limited (Go Car Credit) unfairly entered into a hire purchase agreement with her.

Miss H is supported in bringing this matter by a representative. But, for ease, I'll refer to actions and submissions as being those of Miss H herself.

## **What happened**

In May 2023, Go Car Credit provided Miss H with finance for a car. The cash price of the car was £16,644. Miss H received a part-exchange value of £1,915 for her existing car. The amount of credit taken with Go Car Credit was £14,729 and the interest payable was £13,400. There was an option to purchase fee of £10 and an administration fee of £295. Overall, Miss H needed to make monthly payments of £474.40 over a term of 60 months.

In summary, Miss H says her credit rating was poor at the time. She says Go Car Credit was pushy and drilled down to the last penny to finance the vehicle. She says it was a struggle to make the payments.

Go Car Credit reviewed matters and thought it completed reasonable and proportionate checks to ensure that the agreement was affordable and sustainable for Miss H to repay. Miss H disagreed and brought her complaint to this service.

An Investigator here reviewed matters. He initially thought the information Go Car Credit gathered suggested the lending was unaffordable. However, following further investigation he thought that it actually showed the lending was likely to be affordable. Miss H expressed disappointment in the change of opinion and ultimately asked for an Ombudsman's decision.

As an agreement couldn't be reached, the case has been passed to me to decide.

## **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.

The rules and regulations in place at the time Go Car Credit entered into a hire purchase agreement with Miss H required it to carry out a reasonable and proportionate assessment of whether she could afford to repay what she owed in a sustainable manner. This is sometimes referred to as an 'affordability assessment' or 'affordability check'.

The checks had to be 'borrower' focused. This means Go Car Credit had to think about whether repaying the credit sustainably would cause difficulties or adverse consequences for Miss H. In other words, it wasn't enough for Go Car Credit to consider the likelihood of it getting the funds back – it had to consider the impact of any repayments on Miss H.

Checks also had to be 'proportionate' to the specific circumstances of the lending. In general, what constitutes a proportionate affordability check will be dependent on a number

of factors including – but not limited to – the particular circumstances of the consumer (e.g. their financial history, current situation and outlook, any indications of vulnerability or financial difficulty) and the amount/type/cost of credit they were seeking. I've kept all of this in mind when thinking about whether Go Car Credit did what it needed to before lending to Miss H.

Go Car Credit obtained information about Miss H's income using her payslips. It says it received a letter from Miss H's employer confirming that her salary was due to increase, though it assessed affordability using the lower figures from the payslips. It also carried out a credit check which showed Miss H had 12 active accounts, including an existing hire purchase agreement, current accounts, loans, utilities accounts and a communications account. Miss H also had three County Court Judgments (CCJs) and some relatively historic defaults.

In its submissions, Go Car Credit said Miss H's current credit commitments were all being managed well. However, as I understand it, the search appears to show that Miss H was two months in arrears on an unsecured loan and was one month in arrears on her existing hire purchase agreement. So, I think it's reasonable that Go Car Credit obtained further information about Miss H's circumstances before deciding whether to lend.

Go Car Credit carried out an income and expenditure assessment with Miss H on the phone. During the call, Miss H confirmed she was intending to part-exchange her existing car, so she would no longer be paying towards her existing hire purchase agreement. The adviser Miss H spoke to said she would verify this before removing Miss H's current hire purchase repayments from the income and expenditure assessment. Once this was confirmed, Go Car Credit recorded that Miss H would be left with enough disposable income to sustainably afford the repayments towards the agreement – around £775 each month.

With this in mind, whilst there were some cause for concern on the credit check results, I think Go Car Credit asked enough questions following this to satisfy itself that it was responsible to lend, as I'd expect it to have done. So overall, I think it carried out reasonable and proportionate checks. And, considering the information suggested that Miss H was likely to be able to afford the agreement, I don't think it was unreasonable to provide the finance she had requested. Having listened to the call, I'm also not persuaded Go Car Credit pressured Miss H into the agreement. Instead, I think it carried out a detailed income and expenditure assessment and, on occasion, it even inflated some expenditure figures Miss H provided which, I'm persuaded, was to ensure the agreement would be affordable.

I've considered that Go Car Credit completed a hard credit search which showed Miss H was paying more than double towards one of her loans, compared with what the initial soft search showed. However, Go Car Credit says the hard search was completed once the agreement had begun and Miss H was already in possession of the vehicle. Additionally, Go Car Credit's adviser queried Miss H's expenditure in detail during the income and expenditure assessment and outlined the figures recorded for the loans. Miss H didn't dispute this during the call. So, overall, I think Go Car Credit asked enough questions, and it was reasonable to move forward with the information it had gathered before lending to Miss H.

Therefore, overall, I don't find that Go Car Credit acted unfairly by entering into this agreement with Miss H. 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 Go Car Credit lent irresponsibly to Miss H 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 don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 11 July 2025.

Hana Yousef  
**Ombudsman**