

The complaint

Mrs G complains through a representative Stellantis Financial Services UK Limited ("Stellantis") gave her finance without taking reasonable steps to see whether she could afford it.

What happened

In April 2022, Stellantis provided Mrs G with a conditional sale agreement through a credit intermediary for a used car. The car had a cash price of £17,750 and a £500 deposit was paid meaning £17,250 was financed. The agreement had interest, fees and charges of £3,552, and the total amount to be repaid of £21,302. This sum was due to be repaid in 60 monthly instalments of £364.70. Mrs G's representative has confirmed the agreement has been settled.

Following Mrs G's complaint, Stellantis failed to issue a final response letter. Mrs G's representative then referred the complaint to the Financial Ombudsman.

Mrs G's complaint was considered by an investigator. They didn't uphold the complaint even though they thought Stellantis needed to have done more before lending to Mrs G due to information she had provided about her income. Had further checks been made into Mrs G's financial circumstances Stellantis would've still likely concluded the payments were affordable for her.

The investigator also said that Mrs G's points around visits from collection agents despite the arrears being repaid and receiving a copy of the finance agreement haven't previously been raised with Stellantis – and so Mrs G will need, if she's not already done so, to raise her concerns with Stellantis in the first instance.

Mrs G disagreed with the outcome, saying in summary;

- Mrs G's declared income was an estimate because on top of her basic pay she received commission.
- The additional payments from two third party's – which were added to Mrs G's income (as evidenced in the bank statements) weren't consistent and ought to not have been taken into account by the investigator.

These comments didn't change the investigator's mind and as no agreement could be reached, the complaint 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.

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 Mrs G's complaint. Having carefully thought about everything I've been provided with; I'm not upholding Mrs G's complaint. I'd like to explain why in a little more detail.

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

Stellantis has explained that as part of her application Mrs G provided details of her income, that she was in rented accommodation, and she gave details of her employer. The application form noted she earned £512,000 per year.

In addition to asking about her employment and salary, Stellantis also carried out a credit search and I've looked at the results to see whether there was anything contained within them which may have led it to either declining the application or prompting it to perhaps undertake more thorough checks.

Stellantis could see that there was no court records or other forms of insolvencies. Mrs G had a current account, communication account and a utility account with a £142 balance.

Stellantis says that after the credit search was carried out there were no triggers to initiate further checks or a review of the application and Mrs G was deemed as a low risk. It therefore felt, based on the information it had gathered that the agreement was likely affordable for Mrs G.

Stellantis also said, that the dealership may have taken other information. I can see the investigator reached out to the dealership who confirmed it didn't conduct income and expenditure verification – and didn't obtain copy bank statements. The dealership also confirmed that it collected details of Mrs G's employment and salary.

However, there didn't appear to have been any attempt to firstly check or cross reference Mrs G's salary nor any attempt to get an idea of her actual monthly living costs were – beyond her existing credit commitments. But still, Stellantis has said, given the results of the credit search and other information it was satisfied the agreement was affordable.

Like the investigator, I do think that before the loan was approved, Stellantis needed to cross reference Mrs G's income and have an understanding of what her actual monthly outgoings were. Because in the circumstances I don't think it was fair to just approve the loan with no insight into her living costs and where Stellantis ought to have been concerned about the amount of annual salary in the application form. The checks it carried out before lending were therefore neither reasonable nor proportionate.

Stellantis could've gone about making further enquiries about Mrs G's living costs and financial situation a number of ways, it could've simply asked her what her actual living costs were, asked for evidence from Mrs G about her bills or as I've done, it could've asked for copy bank statements. And to be clear, I've only used the bank statements to get an idea of what Mrs G's income and actual living costs are likely to have been like at the time. – I've not

done this because I think that Stellantis ought to have requested this information as part of underwriting this loan.

I accept that had Stellantis conducted proportionate checks it may not have seen all the information that I have seen. But, in the absence of Stellantis conducting a proportionate check I do think it's fair and reasonable to consider the bank statements that I now have access to.

Turning to Mrs G's salary – having looked at the bank statements, I'm satisfied the amount noted in the application is incorrect. The bank statements show in the months before the agreement started Mrs G had moved jobs – latterly to the one that Stellantis was aware of.

But, the salary was nowhere near the amount that was put in the application. The two salaries Stellantis would likely have seen showed a monthly income of between £1,400 and £1,600 per month – from paid employment.

However, the bank statements also show numerous credits from two other sources, and these – over the course of the month do add up to a significant sum. So, the investigator made enquiries with Mrs G to see what this money was for. One of the third parties was her partner and she's explained these were a contribution towards living costs – when they stayed. The other third party was payment for 'odd jobs' that Mrs G had carried out.

I can appreciate Mrs G says these payments – from the two third parties ought to not have been counted. I've thought about this and having done so, I do think the payments Mrs W received for odd jobs could have reasonably have been included in her income.

Firstly, the odd job payments are present throughout the three months of bank statements I've seen and so I don't think it's unreasonable to conclude that moving forward – these – or a similar amount would be received. Secondly, while the payments made from her partner to assist with living costs – these weren't regular – and not visible in all of the months for which bank statements have been provided. But even if I were to exclude these credits – the outcome would be the same – Stellantis would've thought the agreement was affordable.

I can see from the statements a number of Mrs G's living costs, she had rent at £750 per month and then making one bill payment of £250 per month which Mrs G says covered her utilities and council tax.

I think it's probably fair to say Mrs G's food bill was around £400 per month and she told us that she has existing petrol / transport costs of £150 per month. And three online media subscription service costing a combined £24 per month. A phone bill of around £35 per month and an internet or media subscription of nearly £38 per month. This comes to around £1,700 per month so this would've left around £1,000 per month to cover not only the finance payment but also any other costs that Mrs G may have had.

So, taking into account what I've seen in the statements, I've concluded that had Stellantis conducted further checks – which would've been proportionate and taking account of Mrs G's income and living costs it would've likely concluded the loan was affordable for her and so I am not upholding the complaint.

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 Stellantis lent irresponsibly to Mrs G 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 Mrs G's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or reject my decision before 18 April 2025.

Robert Walker
Ombudsman