DRN-5423508

Complaint

Mr W 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 monthly payments to this agreement were unaffordable.

Background

In March 2020, Oodle provided Mr W with finance for a used van. The cash price of the van was £11,000.00. Mr W paid a deposit of £4,500.00 and entered into a hire-purchase agreement with Oodle for the remaining £6,500.00 he required to complete his purchase.

The loan had total interest, fees and charges of £2,131.40 (made up of interest of £2,031.40, a document fee of £50 and an option to purchase fee of £50) and a 60-month term. This meant that the balance to be repaid of £8,631.40 (which does not include Mr W's deposit) was due to be repaid in a first monthly payment of £192.19, followed by 58 monthly instalments of £142.19 and then a final monthly payment of £192.19.

Mr W's complaint was considered by one of our investigators. He didn't think that Oodle had done anything wrong or treated Mr W unfairly. So he didn't recommend that Mr W's complaint should be upheld.

Mr W 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.

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 W's complaint.

Having carefully considered everything, I'm not upholding Mr W's complaint. I'll 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 W 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 W provided details of his employer as well as his annual income. It says it also carried out credit searches on Mr W which did show a couple of defaulted accounts recorded against him. But it considered these to be historic as they were from 2017 and had been satisfied. Furthermore, when reasonable repayments towards the amount Mr W owed on his active accounts, plus a reasonable amount for Mr W's living expenses were deducted from his monthly income the monthly payments were still affordable.

On the other hand, Mr W says the monthly payments were unaffordable.

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

The first thing for me to say is that, unlike our investigator, I don't think that the checks Oodle carried out did go far enough. I don't think it was reasonable to rely on an estimate of Mr W's living costs given the adverse information that appeared on the credit searches.

However, given Mr W's response to our assessment, 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 W's complaint should be upheld.

Indeed, where a firm didn't carry out sufficient checks we would usually only go on to uphold a complaint in circumstances were 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 W's circumstances are more likely than not to have shown Oodle. Bearing in mind, Mr W's previous difficulty, 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 W'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 W 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 W's existing credit are added to the payments which I've been able to see for Mr W's living expenses (in the information he has provided) and then deducted from the funds Mr W led Oodle to believe he received, he does appear to have had sufficient funds to make the payments to this agreement.

I note that Mr W has now carried out a line-by-line analysis of his bank statements and in his view he didn't have enough left over to make the payments to this agreement, once his expenditure was deducted from his actual income.

The first thing for me to say is that Mr W's analysis has been carried out with the use of bank statements and this includes all of his expenditure and includes a lower amount for his income. There was no requirement and there still is no requirement to obtain bank statements from a customer.

In these circumstances, I don't think that Oodle had reason to believe that Mr W was earning less than he declared, particularly given he was paying such a large deposit. Furthermore, Mr W's calculation of his exenditure has included large payments to credit cards which were well above what he was contractually obliged to pay and more than what needed to be paid in order to clear his balances within a reasonable period of time.

I also have to keep in mind that Mr W's most recent submissions are being made in support of a claim for compensation and any explanations Mr W 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 W would have suggested that Oodle shouldn't lend to him because he intended to continue making such large repayments to his credit card.

In reaching my conclusions, I've also considered whether the lending relationship between Oodle and Mr W might have been unfair to Mr W under section 140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I don't think that Oodle irresponsibly lent to Mr W or otherwise treated him unfairly in relation to this matter. And I haven't seen anything to suggest that section 140A CCA or anything else would, given the facts of this complaint, lead to a different outcome here.

Overall and having carefully considered everything, while I don't think that Oodle's checks before entering into this hire purchase agreement went far enough, I'm, in any event, satisfied that carrying out further checks won't have stopped Oodle from providing these funds, or entering into this agreement with Mr W. So I'm not upholding this complaint. I appreciate that this will be disappointing for Mr W. But I hope he'll understand the reasons for my decision and at least consider that his concerns have been listened to.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 8 September 2025.

Jeshen Narayanan
Ombudsman