DRN-5430827

The complaint

Mr P, through his representative, complains that Billing Finance Limited lent to him when he wanted to purchase vehicle. He has said that the finance ought not to have been approved for him as he was unable to afford it.

What happened

Mr P wanted to purchase a second hand Honda motorcycle. It was going to cost him £2,199 of which Mr P paid a £99 deposit and the rest - £2,100 – was financed on 12 June 2018. I have used rounded figures in this decision for ease of reading by dispensing with the need to show the pence.

Mr P was due to repay the total including interest of £3,381 over 35 instalments of £94 each month. The 36th instalment was for £95 as it included a £1 option to purchase fee. Mr P repaid the instalments from June 2018 to July 2020 without issue and then made a lump sum repayment of £1,106 on 10 August 2020 to repay the agreement early.

Mr P entered an Individual Voluntary Arrangement (IVA) from December 2018 which postdates this agreement. And Billing Finance has told us that it was aware of this but the finance agreement it had with Mr P was not included in that IVA. I asked Mr P's representative for confirmation as to whether Mr P's IVA did or did not include this agreement liability but have not heard from him or them. I also asked Mr P to gain confirmation from his Insolvency Practitioner (IP) as to whether the IP had an interest in any redress from this complaint – if any – but again nothing has been sent to me.

After Mr P had complained and then referred it to the Financial Ombudsman Service one of our investigators considered that Billing Finance ought not to have agreed to the finance. It disagreed and made submissions as to why, all of which I have read. The unresolved complaint was passed to me to decide.

In July 2025 I asked Mr P's representative for information I considered important to enable me to come to fair and reasonable decision on this complaint. I have not received any of it.

And recently I explained to Mr P's representative that under the DISP rules on the handling of complaints I can proceed with consideration of the merits of the complaint without that information where it's not been supplied to me. In the interests of resolution for both parties I decided that this was the way to proceed. The investigator's view was sent in January 2025 which was several months ago. Complaints need resolution.

On 14 August 2025 I issued a provisional decision giving reasons why I considered that the complaint ought not to be upheld. It's duplicated here for ease of reading.

What I provisionally decided on 14 August 2025 – 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 P's complaint.

Billing Finance needed to make sure that it didn't lend irresponsibly. In practice, what this means is that it needed to carry out proportionate checks to be able to understand whether any lending was sustainable for Mr P 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 – suggesting the lender needed to know more about a prospective borrower's ability to repay.

Mr P had declared a monthly income of £2,000. Billing Finance was informed that this was a new job. It was unable to verify the £2,000 a month as his income. But Billing Finance got a payslip for May 2018 and saw that before tax his income was £815. I have seen a copy. I consider that a low wage. He was working 72 hours for the month at £10 an hour. And then he received some additional payments on top. His tax was £41 and so the take home pay for that month was just over £856. But the gross pay to date on that payslip (so, up to the second tax month that year) was £2,976. Therefore, the low figure may not have been his usual pay. In fact, when I come on to assessing the bank account statements I can see that his usual salary was more than this. But Billing Finance did not know this from the evidence I have seen. Billing Finance has said to us:

> *Our lending criteria for size of the loan* [Mr P] *was applying for (£2,100) deemed that his monthly income must be at least £743.18 which included the monthly instalment of £93.88. The payslip submitted provided verification that his income exceeded that amount.*

I can see that Mr P only hit that criterion with about £20 to spare. So, I consider that rather a narrow margin.

Billing Finance obtained a credit search which showed that Mr P's total debt balance was £4,254, he had no County Court Judgments and at that time (9 June 2018) no insolvencies. But it did show that he'd had defaulted accounts in the past and that possibly they remained unpaid. One was a bank account which had a current default balance of £636 and a repayment record of '8' attached. The default date appears to have been November 2012. And the other was a communications contract default from December 2017 for £132. This also was showing as having an '8' adverse marker which suggests that the account had not been paid. The credit search did not show that Mr P owed anything to any lenders in relation to loans. And this is a point I come back to later in the decision.

The record indicates that Mr P had a hire purchase (HP) agreement already with a balance on it of £4,230 and that had commenced in April 2016 with no adverse repayment record. It was a 36 month term and so due to continue for another year. One of the pieces of information I wanted from Mr P was whether this was due to continue even after he'd bought the vehicle with the Billing Finance agreement. But I've had no answer.

Billing Finance has said to us that Mr P's identified credit expenditure was around £105 each month. I don't consider that a high sum.

Billing Finance used a debt charity's 'Budget Guidelines' data set to add £400 a month as additional monthly living costs. After taking into account these expenses plus his credit commitment costs and the new agreement monthly cost of £94 then Billing Finance states that Mr P was left with just over £144 each month as disposable income. I think it was using the income figure of £743. I calculate this residual income to be £257 using the actual income figure of £856.

Either way, I consider that Mr P was on a low wage, and even if its calculations were correct, its residual income figure of £144 each month was a narrow margin to attribute to Mr P.

I accept that the financed figure was not a large sum, but I do not think that Billing Finance did enough to satisfy itself that Mr P could afford this sustainably as the agreement was due to be over three years.

Asking Mr P for further information about his financial situation may have involved him supplying copies of utility bills, copies of earlier payslips or his new contract of employment to show what his future earnings were going to be. And he could have shown evidence of other expenditure and any other credit accounts for which he was liable. A convenient method, one of several available, was to have reviewed copies of Mr P's bank account statements which usually show a wider picture of his finances and how he was managing his money.

Our investigator had already received those from Mr P's representative. It sent to us:

- Joint account for the period 5 May 2018 to 4 June 2018
- Joint account for the period 5 April 2018 to 4 May 2018
- Joint account for February 2018 and March 2018
- A statement for 2019 which I don't consider relevant as it postdates the agreement.

The March 2018 statement shows that income from the same employer as named on the payslip Billing Finance had obtained was £1,836 and so I take this to have been Mr P's salary, not the joint account holder's. And in the April to May 2018 statement Mr P earned just under £1,765 which was his take home pay. The May 2018 salary credit was for the figure shown on the May 2018 payslip presented to Billing Finance - £856.

These statements show that the existing car finance payment was £170 a month. And there were regular monthly DVLA payments for two vehicles for March, April, May and June 2018. These must have been owned by Mr P or Mr P and the joint account holder at the time.

What I am not satisfied with is that Mr P has submitted copies of joint account statements and despite me asking for more details, and/or for details of any sole accounts Mr P may have then it's not been possible to identify Mr P's true financial position. For example - significant payments were £500 and £583 to a well know national postal service were being made and I've asked Mr P about these and had no explanation.

What the statements have highlighted is that the low income figure used by Billing Finance was not representational of his usual income and so if it had carried out further checks I think that Billing Finance would have seen that and used an average figure. Thereby leading to it to consider that Mr P could afford the vehicle finance.

There is evidence from the bank statements of payday lenders providing money but as these are joint account statements then I do not know to whom they belong. I note that this was one of the main reasons used by our Investigator to uphold the complaint but as I am not satisfied that any of these belong to Mr P then I disagree. I have read Billing Finance's submissions about this point. The credit search Billing Finance carried out did not show these loans. And it is entitled to rely on information from a reputable source. So, I consider that Billing Finance would have been proceeding in a fair and reasonable way to go on the basis that Mr P had no payday loans when he applied for the vehicle finance.

I do not have a copy of the personal credit file from Mr P, and there's little point asking for one as the decision month was June 2018 which is more than six years ago and not likely to show due to the time passage. But also, because not all high cost lenders show on all personal credit reports.

Copies of the bank account statements used by our investigator were sent to Billing Finance. Many of the points I have outlined in this provisional decision from scrutinising the statements it raised as well. And it submitted:

> *Taking the above figures into consideration, we consider it was an appropriate decision to accept* [Mr P's] *finance application for a modest sum of £2100 to*

purchase a Honda 125motorcycle. This provided him with an asset which allowed him to go about his day-to-day activities including commuting to his place of work.

I agree. If additional checks had been carried out then the evidence presented from the statements currently produced, together with the credit file research would likely have led Billing Finance to make the same decision it did. I plan not to uphold the complaint.

This is the end of the duplicated provisional 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.

Neither party has responded. The reply deadline was made clear that it had to be by 28 August 2025. And this provisional decision followed multiple requests for information which has never been received. Without any further evidence or submissions then I have no reason to alter my findings. For the same reasons given in the duplicated provisional decision set out above I do not uphold the complaint.

I've also considered whether Billing Finance acted unfairly or unreasonably in any other way and I have considered whether the relationship might have been unfair under Section.140A of the Consumer Credit Act 1974.

However, for the reasons I've already given, I don't think it lent irresponsibly to Mr P 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

My final decision is that I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 25 September 2025.

Rachael Williams
Ombudsman