

The complaint

Miss R complains that CarCashPoint Limited irresponsibly provided her with two logbook loans.

What happened

Miss R was provided with two logbook loans in July and September 2023 respectively. The first was for £760 and due to be repaid in 36 monthly instalments of £97.12. The second was for £500 due to be repaid in 36 monthly instalments of £63.89.

In summary, Miss R says she has been diagnosed with mental health issues which mean she isn't permitted to make her own financial decisions. She says as a result of one of these conditions, she spends irresponsibly. Miss R also says she had a very low credit score at the time, was in a lot of debt, was in receipt of Personal Independence Payment (PIP) and was behind with rent and council tax payments. Miss R says she shouldn't have been provided with credit, and she also wasn't offered support when she informed CarCashPoint about her circumstances.

Miss R says she was subject to financial abuse at the time. And she says CarCashPoint told her the loan would be easy to pay off if settled early, which influenced her decision to take out the loan, however this wasn't the case. Additionally, Miss R says the associated interest and charges weren't explained to her.

CarCashPoint reviewed the complaint but didn't uphold it. In summary, it said it carried out appropriate checks before lending which showed the loans were affordable and it wasn't made aware that Miss R was dealing with mental health issues. It also thought it offered forbearance and assistance, and that the terms and conditions were available which Miss R reviewed and signed.

Miss R remained unhappy and brought her complaint to this service. She also said CarCashPoint didn't verify ownership of the car, and the car belongs to a family member.

An Investigator here reviewed matters. In summary, he said the lending decisions were reasonable, Miss R was provided with sufficient information about the agreements, and he thought CarCashPoint offered forbearance. He also thought CarCashPoint had taken enough steps to verify ownership of the car.

Miss R disagreed with the opinion and, in summary, mostly repeated her earlier points. She also said she disclosed her vulnerabilities to CarCashPoint yet it didn't treat her fairly. Ultimately, Miss R said the lending has resulted in a severe deterioration of her health and she's been clear and detailed about the impact matters have had on her.

Overall, an agreement hasn't been reached. So, 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.

In reviewing this complaint, I've only considered matters that occurred before the final response letter was issued, in line with the rules this service must follow. I'm mindful that things have moved on since the complaint has been with this service. Therefore, if Miss R has concerns about more recent matters, then she can decide whether she wants to make a new complaint to CarCashPoint.

We've explained how we handle complaints about unaffordable and irresponsible lending on our website. I've used this approach to help me decide Miss R's complaint. Having thought carefully about all the circumstances, I want to start by saying that this has clearly been a very difficult time for Miss R and I was sorry to hear about all she's been through. I must, however, approach this matter objectively. Having done so, I won't be upholding this complaint. I'll explain why.

Miss R has made a lot of submissions to this service in relation to this case, and I'm left in no doubt over just how strongly she feels about what's happened. I've read and taken into account all of the information she has provided when coming to my decision, though I haven't specifically commented on every point Miss R has raised, or every piece of regulation she's referred to. Instead, I've focused on what I consider to be the crux of the matter. That's simply to align with our purpose to be quick and informal, and I don't intend any courtesy in my approach.

I also note Miss R says she was subject to domestic and financial abuse around the time the lending was taken. However, her testimony doesn't indicate to me that the loans were taken by a third party, or that she was coerced into taking them. I say this because Miss R says she took out the loans because she needed the funds. Therefore, on balance, I'm persuaded Miss R applied for these loans because she wanted them at the time.

Miss R says that under rules and guidance outlined by the Financial Conduct Authority (FCA), including Consumer Duty and the Consumer Credit Sourcebook (CONC), lenders are required to ensure credit is affordable and that customers aren't exposed to foreseeable financial harm. Indeed, CarCashPoint needed to ensure it didn't lend irresponsibly. In practice, this means it needed to carry out proportionate checks to be able to understand whether Miss R could afford to repay before providing the loans.

Our website sets out what we typically think about when deciding whether a lender's checks were proportionate. Generally, it might be reasonable and proportionate for a lender's checks to be less thorough, in terms of how much information it gathers and what it does to verify it, 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 or the amount lent was high. And, the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So, we'd expect a lender to be able to show that it didn't continue to lend to a customer irresponsibly.

Before providing the first loan, CarCashPoint recorded information about Miss R's income and expenditure using both information Miss R declared and by reviewing three months of open banking information leading up to the provision of the loan. Following this, it recorded that Miss R would have sufficient disposable income to afford the loan.

CarCashPoint also completed a credit check which showed that Miss R had some defaults recorded, the most recent of which was just over two years prior. It also showed that Miss R had some queries recorded against some utility contracts. However, when CarCashPoint questioned Miss R about these, it was satisfied that she was disputing these because they

were related to the period before she moved into the property. It thought this was reasonable to accept, given Miss R was paying other utility bills at the time.

I appreciate Miss R thinks the checks should have gone further, such as a review of her statements dating back further. However, I think CarCashPoint carried out proportionate checks given that it completed a credit check and understood information about Miss R's income and expenditure using both information she provided and open banking. The checks revealed that Miss R was likely to have enough disposable income once it had considered her expenditure, including a repayment towards the new loan. So, I don't think it was unreasonable to provide the initial loan.

For the second loan provided shortly afterwards, CarCashPoint assessed Miss R's income and expenditure using information she provided and open banking data. CarCashPoint said Miss R said she would be receiving a salary review later in the year and her salary had increased depending on overtime, which was now standard. The open banking information from the month the second loan was provided supported that fact. CarCashPoint also recorded that Miss R's discretionary bills had decreased slightly. I note that Miss R's initial loan account was in credit by the time the second loan was provided.

Again, I think CarCashPoint reviewed enough information before deciding whether to lend. And, considering the information provided, I think the checks showed that the loan was likely to be affordable for her. I've considered that Miss R did declare that her salary increase was based on overtime, and I've thought about whether it was appropriate for CarCashPoint to rely on this. However, I'm persuaded that Miss R provided these assurances to CarCashPoint and the open banking information from September corroborated this information. I've also not seen anything to suggest that Miss R said this overtime was limited and shouldn't be counted; instead CarCashPoint's submissions suggest she said this was now standard. With this in mind, I don't think CarCashPoint could be expected to know that overtime may not be a possibility moving forward – I say this particularly as it's unlikely that Miss R would have known this herself.

So, in the circumstances of this particular case, I don't think it was unreasonable to provide the second loan either as the checks indicated that it was likely to be affordable for Miss R.

Miss R says her credit file showed she was in a very difficult financial position. The results of the checks CarCashPoint carried out did show some issues managing repayments, though these appeared to be up to date by the time of its first lending decision, with the exception of accounts being queried. It's certainly possible, however, that the full extent of Miss R's actual circumstances didn't show in the results of these checks. But I don't think this is a failing on the part of CarCashPoint as I think it was entitled to rely on the results of the checks carried out. In any case, CarCashPoint didn't stop at checking Miss R's credit file. It carried out further checks as I would have expected it to, and reviewed Miss R's income and expenditure both through conversations with her and open banking.

I note Miss R also says there were other signs of difficulties visible on her bank statements, including failed direct debits. CarCashPoint's notes show these were discussed with Miss R around the time of the lending decisions. In summary, the notes show Miss R gave assurances that some of these issues were because of account management rather than financial difficulties, and payments had since been set up for the month in question. As I understand it, CarCashPoint's notes suggest these payments were made by the time matters were next discussed between the parties. For other occasions, Miss R said that a direct debit had been cancelled, she was disputing a payment, or that she wasn't liable for a payment. Whilst I accept that these instances ought to have made CarCashPoint pause for thought, I think it ultimately did enough to satisfy itself that they weren't indicative of long-standing financial difficulties. In the context of all the other information it gathered, it

found that the lending was likely to be affordable for Miss R. In the circumstances, I think its checks went far enough and demonstrated the lending was likely to be affordable.

Miss R has said she was vulnerable when the lending was taken out, and this should have been considered. CarCashPoint hasn't been able to provide call recordings of the conversations that took place at the time of the applications, which is disappointing given when the lending took place. So, I've reviewed the contemporaneous notes taken by CarCashPoint at the time of the applications. Having done so, I've not seen anything to persuade me that it was, or ought to have been aware of the vulnerabilities Miss R describes. CarCashPoint says Miss R didn't make it aware of any mental health issues at the time of the lending, and I note Miss R says she likely would have claimed to have been mentally okay at the time, but this wasn't a reflection of her circumstances. Whilst I understand Miss R's point here, I'm afraid I'm not persuaded that CarCashPoint was aware of the mental health difficulties she describes at the point it lent to her.

I acknowledge that Miss R thinks CarCashPoint should have carried out further checks to satisfy itself she was in a stable position to undertake such financial commitments, but I'm not persuaded it had any reason to think Miss R was not in a position to be taking out the loans. Miss R has also pointed out that she was in receipt of PIP which was proof that she had reduced financial capability due to her mental health. However, I don't think receipt of these payments alone ought to have prevented CarCashPoint from lending to her.

I've considered Miss R's point that she wasn't provided with sufficient information about the lending, including the interest and charges, and was misled into thinking the loan would be easy to settle. However, I've not been provided with enough evidence to persuade me that Miss R was provided with unclear information in this regard. The loan agreements, which I'm persuaded Miss R would have had sight of, clearly set out the interest rate, the amount of interest that would be due on the loan if it was repaid in line with the agreement and charges. And whilst I accept this form of lending does carry higher interest rates, I've not been provided with anything to persuade me that the cost associated with these loans in particular was higher than usual for this type of lending. I'm also conscious Miss R says she had difficulties taking out lending elsewhere with the exception of one other lender who accepted her for a low limit. So, with all this in mind, I don't think Miss R has been treated unfairly in this regard.

I acknowledge Miss R says an agent of CarCashPoint told her the loan wouldn't affect her credit file, which I appreciate would have been confusing for Miss R and is disappointing. That being said, I'm not persuaded that clearer information about this would have prevented Miss R from taking the loans. Additionally, any negative information recorded on the credit file would be as a result of the terms and conditions being breached. I think it's reasonable this is reported to the Credit Reference Agencies to make other lenders aware of matters and ensure Miss R isn't put into any further financial difficulty.

Miss R has also said that CarCashPoint didn't carry out appropriate checks into the car's ownership and says that the car didn't belong to her. However, CarCashPoint obtained a logbook which showed Miss R as the registered keeper of the car and it received a declaration from Miss R that the car was hers. So, overall, I don't think it was unreasonable for CarCashPoint to have provided the loans here.

Miss R says she was offered no support with the loans. She says she told CarCashPoint about very difficult circumstances she was dealing with and her vulnerabilities, yet it continued collections activities despite this. I've looked at the contact notes and can see that CarCashPoint offered support over the period, including breathing space and agreeing alternative payment dates. CarCashPoint also attempted to contact Miss R several times to discuss matters, including to complete an income and expenditure assessment before a

payment plan could be implemented and encouraging her to get in touch to discuss options. Additionally, it outlined the options Miss R had if she could not continue making repayments moving forward. I'm also conscious that the notes suggest Miss R gave CarCashPoint assurances on occasion that she intended to make up repayments in the near future. So, I think CarCashPoint did offer support at the time.

I appreciate Miss R was unhappy about the contact from CarCashPoint over the period where she was experiencing difficulties, but I don't think it was unreasonable that it was trying to get in touch with her to reach a resolution in an attempt to recover the arrears. I've thought about the fact that Miss R says she made CarCashPoint aware of her vulnerabilities, and yet it still continued collections activities and threatened home visits. However, I can see that CarCashPoint's contact notes suggest it did take steps to place recoveries on hold. So, I think it ultimately did take this into consideration.

I note Miss R has referred to Consumer Duty, in relation to some of the things CarCashPoint has done more recently, since the final response letter was issued. As I've explained, I can only consider matters up until the final response letter was issued. But I have kept the Duty in mind when considering Miss R's complaint more generally. Having done so, I haven't seen anything to suggest CarCashPoint hasn't treated her fairly in this regard.

I appreciate Miss R is in a difficult situation at the moment, and I in no way mean to downplay the impact matters have had on her. But in deciding this complaint, I must remain impartial and consider all the information before me to reach a fair and reasonable outcome. Having done so, whilst I'm sorry to disappoint Miss R, I won't be upholding her complaint.

I've also 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 CarCashPoint lent irresponsibly to Miss R 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.

Separately, whilst I'm not upholding this complaint, I would remind CarCashPoint of its obligations to treat Miss R with forbearance moving forward, including whether it is reasonably entitled to take possession of the vehicle in light of what Miss R has said about the ownership. And I would encourage Miss R to engage with CarCashPoint about matters.

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 R to accept or reject my decision before 16 January 2026.

Hana Yousef
Ombudsman