

The complaint

Mr K complains Oodle Financial Services Limited (Oodle) irresponsibly provided him with an unaffordable hire purchase agreement.

Mr K's complaint has been brought by a professional representative, however for ease I've referred to all submissions as though they are his own.

What happened

Oodle approved Mr K for a hire purchase agreement in September 2022 for a vehicle and insurance product with a total cash price of around £4,320. Mr K paid a deposit of £500 and the capital amount lent was around £3,820, with a total repayable value, including interest and fees, of around £6,450. The agreement was repayable over 52 months with 50 payments of around £110 and a first and final payment of around £160.

Mr K made an unaffordable lending complaint to Oodle in February 2024. He said that better checks ought to have led Oodle to identify this hire purchase agreement wasn't affordable for him. Mr K said this made his relationship with Oodle unfair.

Oodle didn't uphold Mr K's complaint. It said it had completed proportionate checks and had gone on to make a fair lending decision when providing Mr K with this agreement.

Unhappy with Oodle's response Mr K referred his complaint to our service for review.

Our investigator considered the details and didn't uphold the complaint. She concluded Oodle hadn't completed proportionate checks based on the terms of lending being provided, and the evidence it had presented us with. She went on to review information to consider what Oodle would likely have seen through proportionate checks; and she concluded it would still have reasonably provided Mr K with this agreement.

Oodle didn't respond to our investigator's view. Mr K responded and disagreed. He said proportionate checks ought to have led Oodle to conclude that he wasn't left with a reasonable level of disposable income each month, when repayments to this agreement were taken into account. He also made specific reference to details about his income and expenditure to clarify his financial situation.

Our investigator issued a second view providing updated calculations on Mr K's monthly disposable income; and why she still considered the agreement was sustainably affordable.

Mr K asked for an ombudsman's review, so 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.

The information in this case is well known to Mr K and Oodle, so I don't intend to repeat it in detail here. I've focused my decision on what I consider to be the key points of this complaint; so, while my decision may not cover all the points or touch on all the information that's been provided, I'd like to assure both parties I've carefully reviewed everything available to me. I don't mean to be discourteous to Mr K or Oodle by taking this approach, but this simply reflects the informal nature of our service.

We've set out our approach to complaints about irresponsible and unaffordable lending as well as the key rules, regulations and what we consider to be good industry practice on our website. Both Mr K and Oodle have been made aware of this approach.

At the time Oodle arranged this agreement for Mr K it was required to carry out proportionate checks. These checks required it to assess Mr K's ability to afford the agreement being arranged and repay it sustainably, without causing him financial difficulties or financial harm.

There isn't a set list of checks a lender needs to carry out, but they should be proportionate, taking into account things like the type, amount, duration and total cost of the credit, as well as the borrower's individual circumstances.

I've followed this approach when considering Mr K's complaint.

Oodle has said it obtained Mr K's declared income and used Office of National Statistics (ONS) data to calculate his monthly non-discretionary expenditure. It also completed a credit check to identify Mr K's active and recently settled credit accounts, as well as his management of credit.

Oodle says it completed proportionate checks before going on to make a fair lending decision when providing Mr K with this hire purchase agreement.

I've carefully considered the information and arguments Oodle has put forward. Based on the evidence that has been presented to us, I'm not persuaded it did complete proportionate checks before providing this lending; however, like our investigator I consider it made a fair lending decision when providing Mr K with this hire purchase agreement. I've gone on to explain my reasons for this below.

Mr K declared to Oodle that he was employed with an annual income of around £30,300. Oodle has said it took into account Mr K's existing commitments to credit, the estimated running costs of the vehicle, and his cost of living expenses based on ONS data. It has said based on these figures it was satisfied Mr K had a reasonable level of disposable income to afford the monthly repayments to this agreement of £110. However, Oodle hasn't provided us with the calculations behind its affordability assessment, so I'm unable to understand how it came to this conclusion.

I've reviewed the credit report Oodle obtained when assessing Mr K's lending request. Mr K's total outstanding debt stood at around £12,130 with repayments to credit totalling around £330 a month. There was no evidence of insolvency, CCJs, recent defaults or arrears. However, there was one communication account which had defaulted in January 2020, although this had been satisfied in January 2021. Apart from the management of this one account Mr K had been, and was, maintaining his other lines of credit well. Mr K had taken out two hire purchase agreements within five months of this lending, however one of these had been settled within a couple of months. The active hire purchase agreement made up the majority of Mr K's outstanding debt, and monthly commitment to credit.

While Mr K appears to have been managing his credit well in the current and recent past; as I've set out above Oodle hasn't provided us with the data behind the affordability checks it completed, so I can't be satisfied that its checks were proportionate in this instance.

I've therefore gone on to understand as best as possible what proportionate checks would likely have shown Oodle.

As part of Mr K's complaint he provided Oodle and our service with a transaction list from his bank account, which covers the three months leading up to Oodle's lending decision. In the absence of any contradictory information, I consider this allows me to reasonably understand what Oodle would more likely than not have identified through proportionate checks.

The information shows Mr K's average income across the three months totals around £1,650. Mr K's regular non-discretionary expenditure is evidenced with payments towards items such as housing, council tax, utilities, insurances, the DVLA and subscriptions. On average these total around £1,000 per month. I've also seen Mr K's repayment to his existing hire purchase agreement of £180 per month.

Taking into account the monthly repayments to this agreement of around £110, Mr K would be left with around £360 disposable income each month for other living costs, as well as any unexpected costs he may incur. I acknowledge the first and last payment of this 52 month agreement was for around £160; but I consider the short term higher payments in these two months would still leave Mr K with a reasonable level of disposable income.

Based on the evidence I've considered, I'm satisfied proportionate checks would more likely than not have shown Oodle that this agreement was sustainably affordable for Mr K. So, it therefore follows I consider Oodle made a fair lending decision when providing Mr K with this hire purchase agreement.

I've considered whether Oodle has acted unfairly or unreasonably in any other way, including whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974.

I've seen Mr K maintained payments in line with the agreement, and settled it early. The contact notes I've seen show no signs that Mr K made Oodle aware of any concerns with the agreement, including the affordability of it, while it was active.

So, for the reasons I've set out above, I don't think Oodle lent irresponsibly to Mr K, or otherwise treated him unfairly in relation to this agreement. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

It therefore follows I'm not directing Oodle to take any further action in resolution of this complaint.

My final decision

My final decision is that I don't uphold Mr K's complaint about Oodle Financial Services Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 23 July 2025.

Richard Turner

Ombudsman