

The complaint

Mr L complains through a representative that Tandem Motor Finance Limited trading as 1st Stop Car Finance ("Tandem") didn't take reasonable steps to ensure he could afford the repayments towards a hire purchase agreement. Mr L also says the relationship was unfair.

What happened

In November 2018, Tandem provided Mr L with a hire purchase agreement for a used car. The cash price of the car was £9,975 and the full amount was financed. The agreement, had interest, fees and charges of £7,726.20 and the total to repay was £17,701.20. This was to be repaid in 60 monthly instalments of £295.02, Mr L's loan was settled in December 2020 following a car accident.

Tandem considered Mr L's complaint and didn't uphold it. Tandem concluded adequate checks were conducted which showed the agreement was affordable.

Mr L's complaint was then considered by an investigator, who concluded further checks were needed because of recent adverse payment information. But had Tandem carried out further checks, it would've still lent to Mr L.

Mr L's representative disagreed with the outcome saying in the months leading up to the agreement, his monthly disposable income was around £95 which wasn't enough to afford the repayments.

These comments didn't change the investigator's mind and so the complaint was passed to an ombudsman for a final 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.

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

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

Overall, Tandem said it conducted a proportionate check which involved, cross-checking Mr L's declared income and carrying out a credit search which showed the agreement was affordable.

Mr L declared he received a monthly income of £1,628 and Tandem has said this was cross checked using a tool provided by a credit reference agency. The results of that check indicated that the amount Mr L had declared was likely to be correct.

Tandem also carried out a credit search and it's provided a copy of the results that it received from the credit reference agency. So, I've considered these results to see whether there were grounds for Tandem to either carry out further checks or to have rejected Mr L's application.

Tandem knew that Mr L only had four active accounts – three utility bills and a current account with total outstanding balances of £444. There were no County Court Judgements, defaults or any other adverse credit arrangements such as an IVA – so I can understand why Tandem – without carrying out further checks approved the loan.

However, all the utility accounts had previous repayment problems. The gas and electric account had been in arrears for several months only four months before the agreement started. So, while Mr L didn't have many credit accounts or a large amount of debt, he nonetheless had recent payment difficulties.

Tandem may well have concluded that Mr L's repayments were affordable, given the income it had checked, and the information contained within the credit report. But like the investigator I do have some concerns over the recent adverse credit file data as well as Tandem not having any idea about Mr L's living costs beyond his credit commitments. I do think Tandem ought to make some further enquires with Mr L before it advanced this agreement.

Tandem could've gone about doing this a number of ways, it could've asked for Mr L what his outgoings were, asked for evidence from Mr L about his bills, any other documentation it felt was necessary or as I've done here used a copy bank statements to work out what his living costs likely were.

This didn't, and doesn't mean that, Tandem had to obtain bank statements let alone undertake a full financial review of Mr L's circumstances, merely it just needed to obtain a better idea of what his living costs were.

I accept that had Tandem conducted proportionate checks it may not have seen all the information that I have seen. But, in the absence of Tandem conducting a proportionate check I do think it's entirely fair and reasonable to consider the bank statement that I now have access to. Mr L's representative provided copy bank statements when it submitted the complaint to the Financial Ombudsman

Having reviewed the bank statements, I can see that Mr L's salary was paid on a weekly basis and on average over the months leading up to the finance being granted he was earning more than he had declared to Tandem at least £2,000 per month.

In terms of outgoings, I can see several payments for mobile phones, internet, television subscription services, utilities and council tax. But as the investigator pointed out there

wasn't any evidence that Mr L was reliant on expensive credit or that his existing repayments were being returned as unpaid.

I can't see in the months before the loan being approved that there were clear signs that Mr L was using expensive credit or was having problems managing and meeting his payments. I also can't ignore that Mr L was at times moving funds into what appears to be a savings account each month. So, I think, had Tandem taken a closer look at Mr L's living costs it would've likely decided the loan was affordable.

I appreciate Mr L's representatives has provided a comprehensive analysis of his monthly income and expenditure, but I don't think, given the rest of the checks Tandem carried out, that a full financial review was needed and so it wouldn't have likely discovered everything highlighted by the representative.

So, I do think, that had Tandem made better checks before lending it would've likely discovered that Mr L would be able to afford the repayments, he was committed to making. I am therefore not upholding Mr L's complaint.

Finally, Tandem says that the payments were made as expected, expect for a period of time where a payment holiday was granted due to the COVID-19 pandemic. This was a fair and reasonable course of action to have taken, so I can't say Tandem treated Mr L unfairly when he had repayment difficulties caused by the pandemic.

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 Tandem lent irresponsibly to Mr L 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

For the reasons I've outlined above, I am not upholding Mr L's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 16 July 2025.

Robert Walker
Ombudsman