

The complaint

Mr H, through his representative, complains that Oodle Financial Services Limited (“Oodle”) lent to him by approving a car finance agreement he could not afford.

What happened

Mr H took a hire purchase agreement from Oodle on 12 January 2021. The capital sum was for £13,699 and the deposit paid was £0. The total charge for credit was £18,936.40 with the first and last repayments being £363.94 and the other 48 repayments being £313.94 each month. The last instalment was to include the £50 option to purchase fee. The last instalment is due January 2026. For ease of reading, I will round the figures up or down in the decision itself.

After Mr H had complained and received the final response from Oodle in October 2024, his complaint was referred to the Financial Ombudsman. Oodle had said that in October 2024 Mr H owed just over £4,759 and up to that point had never missed a payment. One of our investigators explained why he was not going to ask Oodle to do anything further.

The unresolved complaint was passed to me to decide as Mr H disagreed with our investigator.

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 H’s complaint. Having carefully thought about everything I’ve been provided with; I’m not upholding Mr H’s complaint.

Oodle 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 H 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.

I will start by highlighting the disparity between Mr H’s questionnaire completed for his representative and the letter of complaint sent to Oodle on his behalf. Mr H has signed the questionnaire as being true and correct in August 2024. Mr H has declared that:

- he was not in any insolvency and had no County Court Judgments;
- he had credit card payments to make and was not in arrears;
- he did not recall a credit check being completed by Oodle;

- he said that Oodle did not verify his income;
- he does recall the dealer/credit broker trying to understand his financial circumstances at the point of sale;
- he felt no pressure to accept the finance;
- he plans to refinance once this agreement is ended;
- his financial circumstances had not changed since taking out the finance with Oodle;
- he never missed any payments towards the car finance, he never struggled to make the payments, he never had to rely on savings or borrow from anyone to make the payments and his mental health has not been affected;
- he was asked if he considered the agreement was affordable or not, and his answer was 'Affordable'.

I've considered these answers as part of my assessment of the complaint raised by Mr H.

Mr H informed Oodle at the time of the application that he was earning £25,000 a year as a full time employee and he was living at home with his parents and had been for 11 years.

Oodle said in its final response to Mr H's representative that: *'An affordability assessment was undertaken considering the declared annual gross income of £25,000.00, residential status, financial commitments obtained from your clients credit file, estimated car running cost and the cost-of-living expenses extracted from the Office of National Statistics data.'*

Copies of the two credit reports obtained by Oodle in January 2021 have been sent to me. Mr H's overall outstanding balance was £2,769 which I think Oodle would have considered a low figure. Mr H's total monthly repayments were £138 a month. This was for a bank loan. One of his credit cards had a balance of £0 and the other had a balance of £281 on a limit of £450. So, I anticipate that his minimum payments likely were around £10. The cost of his two telecommunications accounts were not listed but even if I were to add £100 a month I'd consider that a generous allowance.

A second credit search did show that in December 2016 Mr H had defaulted on a loan taken in February 2016. It had been settled the same day as the default. Because this was just over three years before Mr H applied to Oodle, I don't consider this defaulted account likely to have led Oodle to consider that additional checks were required. Mr H had successfully paid off a different loan which had settled in August 2020.

I do consider that some verification of Mr H's income ought to have been done and I say this because Mr H was going to be making the finance payments for four years. Mr H's representative has sent to us what it has said is an analysis of Mr H's bank transactions. From this I have found three relevant dates showing Mr H's salary (after tax) from the same employer and these were (rounded figures): 2 November 2020, £2,033; 2 December 2020 £2,452; 29 December 2020 (which likely counted for January 2021) £1,870. The average of these three was £2,118. I have seen that Mr H's February 2021 salary was £2,330. So, I am satisfied that in January 2021, had Oodle checked his salary it would have been able to calculate the same average monthly income as me being £2,118.

Considering all that I have seen, including the fact that Mr H had been living at home with his parents, then for Oodle to use and rely on ONS data for his general living expenditure would not have been contrary to the regulatory requirements. And the figures it may have used for that ONS living expenses data likely would have been more than the reality for Mr H as it's not likely that Mr H was paying full market rent plus bills to live at home. And further, I do not consider that Mr H would have been exposed to the risk of non-payment of priority bills and/or rent arrears likely to lead to eviction. And this is borne out by the credit search results Oodle did which show no utility or communications/broadband agreements. Whereas the personal credit file Mr H's representative has sent to us (which is later in time) indicates that he did move out in 2023 and now has got utility and communication/broadband accounts.

The picture presented to me, including what Mr H has said in his questionnaire submitted as evidence, is that he was a young man making his way in the world and wanting a car. And it is not the picture of a man unable to afford these repayments. Again, this is borne out by the fact that Oodle has said Mr H has missed no payments since January 2021. I have reviewed the credit account notes and there's been no contact between the parties other than the usual annual statements and standard payment reminders. Which indicates to me a smooth lending relationship.

I consider that Oodle ought to have verified Mr H's income: and if it had it would have found that Mr H was earning £2,118 on average. His credit file showed a low overall debt balance, relatively modest repayment commitments at that time and no priority bills to pay.

I do not consider that I needed to do a full analysis of Mr H's outgoings at that time in order to reach this conclusion and for the same reasons I do not consider that Oodle needed to have done that either in January 2021 when it approved the finance for the car for Mr H. I am persuaded that Oodle satisfied itself Mr H was able to afford the repayments and verification of his salary at the time would have further confirmed that affordability.

I've also considered whether Oodle 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 H 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.

I do not uphold the complaint.

My final decision

I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 1 September 2025.

Rachael Williams
Ombudsman