

The complaint

With the help of a professional representative (PR), Mr D complains that First Response Finance Limited (FRFL) lent to him irresponsibly. For ease, I'll refer to the PR's actions as being those of Mr D.

What happened

Mr D has two Hire Purchase agreements (HP) with FRFL to acquire two used cars. They were agreed on the following terms:

	Start Date	Cash price	Deposit	Term	Monthly repayment	Total payable
HP1	8 October 2020	£3,965	£200	30 months	£192.57	£5,977.10
HP2	23 June 2021	£1,995	Nil	30 months	£104.41	£3,132.30

On 19 November 2024, Mr D complained to FRFL. He said it had failed to carry out a creditworthiness assessment which resulted in the credit relationship between the parties being unfair as described in Section 140A of the Consumer Credit Act 1974 (s140). He said that if proper checks had been done, FRFL would have been aware the agreements were not affordable for him and there would be a risk of financial harm. To resolve his complaint, Mr D asked FRFL to refund what he'd paid under the HP's – including his deposit – and interest he'd paid. He said statutory interest should be paid to him on the refunds on the basis of his loss of use of the money.

FRFL looked into Mr D's complaint and issued its final response letter. It said it had carried out checks on his applications, including obtaining proof of his income through payslips, conversations with Mr D and a review of his credit file. It also said that Mr D still had one of the cars so it's right that he should pay for it – it didn't make sense for him to request a full refund and keep the car. FRFL didn't uphold the complaint.

Mr D didn't accept FRFL's response, so he referred his complaint to our service. One of our investigators looked into it. He was satisfied that FRFL had carried out reasonable and proportionate checks on the applications before reaching fair decisions to lend to Mr D. He didn't uphold the complaint.

Mr D didn't agree with our investigator's view of the complaint. As there was no agreement it has been passed to me for a 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 set out our approach to complaints about irresponsible and unaffordable lending on our website – including the key relevant rules, guidance, good industry practice and law. I've considered this approach when deciding this complaint.

FRFL needed to carry out reasonable and proportionate checks to ensure that it didn't lend to Mr D irresponsibly. I think there are key questions I need to consider in order to decide what is fair and reasonable in the circumstances of this complaint:

- Did FRFL carry out reasonable and proportionate checks to satisfy itself that Mr D was in a position to sustainably meet the repayments?
 - If not, what would reasonable and proportionate checks have shown at the time?
- Did FRFL make a fair lending decision?
- Did FRFL act unfairly or unreasonably towards Mr D in some other way?

FRFL had to carry out reasonable and proportionate checks to satisfy itself that Mr D would be able to repay the HP's sustainably. It's not about it assessing the likelihood of it being repaid, but it had to consider the impact of the repayments on him. There is no set list of checks that it had to do, but it could take into account several different things such as the amount and length of the loan, the amount of the repayments and his overall circumstances.

HP1

When he applied for HP1, Mr D declared he was employed and earned £700 a fortnight (which equates to £1,516 per calendar month) and provided a payslip as evidence of that. He also received half of the child benefit – another £44 per month. He confirmed what he was paying towards housing costs and FRFL estimated his other expenditure using Office of National Statistics (ONS) data.

FRFL carried out a search of Mr D's credit file and accounted for payments to other creditors. FRFL specialises in providing credit to people who have had credit problems in the past. It noted he had two County Court Judgements (CCJ) and "*some defaulted accounts*" some of which were now repaid in full. One of its underwriters spoke to Mr D about the problems he'd experienced, and he gave reasonable explanations about the circumstances.

According to the notes, the underwriter also discussed Mr D's employment and family circumstances as well as his need for a car.

FRFL calculated Mr D had a monthly disposable income of £837 and reduced that by 25% to £628 to allow for unforeseen expenditure. It felt Mr D would be able to afford the £193 per month to fund HP1.

I think the checks carried out were reasonable and proportionate in the circumstances. Given what Mr D told it and what it found for itself, I think FRFL reached a fair decision to agree HP1 for him.

HP2

Similar information was gathered at application for HP2. FRFL's underwriters spoke to Mr D again and he confirmed he was looking to buy a second car for his partner, so wasn't looking to settle HP1. Mr D told the underwriter he had recently taken a new credit card which wasn't showing on his credit file, but it only had a £200 limit. FRFL made allowance for that in his expenditure.

FRFL's search of his credit file showed the same information as it had discovered previously, so this would have raised no concerns for it.

All the payments due under HP1 had been made on time at that stage. Mr D's income had

increased slightly to £1,630 per month (plus the £44 child benefit). His expenditure had increased – not least because of HP1 – and ultimately FRFL calculated Mr D's final monthly disposable income as £511. It felt Mr D would be able to afford the £105 per month to fund HP2.

I think the checks carried out were reasonable and proportionate in the circumstances. Given what Mr D told it and what it found for itself, I think FRFL reached a fair decision to agree HP2 for him.

Did FRFL act unfairly or unreasonably towards Mr D in some other way?

FRFL took Mr D's payments fortnightly rather than monthly (as described in the contract) to coincide with Mr D's paydays. I think this was a fair thing for it to do. I can see that he did contact FRLF from time to time on each agreement and missed a few payments. FRFL agreed arrangements to accept reduced payments. It didn't levy any extra charges.

For the reasons I've already given, I don't think FRFL lent irresponsibly to Mr D or otherwise treated him unfairly in relation to this matter. I haven't seen anything to suggest that s140 would, given the facts of this complaint, lead to a different outcome here.

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 Mr D to accept or reject my decision before 23 September 2025.

Richard Hale
Ombudsman