

The complaint

Mr G complains Oodle Financial Services Limited trading as Oodle Car Finance (Oodle) provided him with an unaffordable hire purchase agreement.

Mr G'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

In November 2019 Oodle provided Mr G for a hire purchase agreement for a vehicle with a capital value lent of around £5,600. The agreement was repayable over 60 months with an initial and final payment of around £190, and 58 payments in between of around £140. The total repayable value of the agreement, including interest and fees, was around £8,340. Mr G repaid the agreement in October 2023.

Mr G complained to Oodle in December 2024. He said this agreement had been unaffordable for him, and that had Oodle completed proportionate checks at the time of providing the agreement it would have identified this. He therefore said Oodle had made an irresponsible lending decision when providing him with this agreement.

Oodle reviewed Mr G's complaint and didn't uphold it. Oodle considered it had completed proportionate checks and had gone on to make a fair lending decision when approving this agreement for Mr G.

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

Our investigator considered the details and didn't uphold the complaint. While he didn't consider Oodle had completed proportionate checks, he went on to conclude it had made a fair lending decision. He said this as he reviewed Mr G's bank statements in the three months leading up to the lending decision, to determine what proportionate checks would more likely than not have identified at the time. Our investigator concluded Mr G's statements showed a reasonable level of disposable income each month, which meant this agreement was sustainably affordable for Mr G.

Oodle didn't respond to our investigator's view. Mr G responded and disagreed. He presented his own income and expenditure analysis, which appeared to include transactions that weren't identifiable as being non-discretionary. As such our investigator didn't consider these transactions changed their view.

Mr G disagreed and 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 G 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 G 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 G and Oodle have been made aware of this approach.

At the time Oodle arranged this agreement for Mr G it was required to carry out proportionate checks. These checks required it to assess Mr G'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 G's complaint and I've set out my findings below.

The lending decision

Oodle obtained Mr G'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 G's active credit commitments, as well as his recent management of credit.

Oodle considers it completed proportionate checks and went on to make a fair lending decision when providing Mr G with this hire purchase agreement.

I've carefully considered the information and arguments Oodle has presented. Based on the evidence available to me, I'm not persuaded its checks were proportionate; however, I consider it did go on to make a fair lending decision when providing Mr G with this hire purchase agreement.

I say this because although Oodle's checks concluded Mr G had a reasonable level of disposable income to sustainably afford repayments to this agreement; it hasn't provided us with confirmation that it verified Mr G's income; nor has it provided us with the calculations that sit behind the affordability assessment it conducted.

I've reviewed the credit report Oodle obtained when assessing Mr G's lending request. Mr G's total outstanding debt stood at around £10,000 with reasonable repayments to credit totalling around £300 a month. There was no evidence of bankruptcy or insolvency, CCJs, or recent defaults; however there were two historic defaults, although these were reported over 22 months before this agreement, so I don't consider these ought to have caused Oodle too much concern.

However I've seen Mr G had recently been approved for another hire purchase agreement, which had an outstanding balance of around £8,700. And the credit check did report recent arrears on a number of Mr G's active lines of credit; a credit card, mail order and utility account.

Given the recent adverse information reported on the credit file, and that Oodle hasn't provided us with the calculations behind its affordability assessment, I can't be satisfied that proportionate checks were completed.

I consider proportionate checks in this instance ought to have led to Oodle understanding Mr G's actual income and non-discretionary expenditure, rather than it using statistical data, to ensure this agreement would be sustainably affordable for Mr G.

Oodle could have obtained this information in a number of ways. Our service's general approach is to ask a customer to provide us with their main bank statements showing their income and expenditure covering a period of three months leading up to a lending event. We generally find that this allows us to recreate what proportionate checks would more likely than not have shown a lender, had it completed them at the time.

Mr G has provided us with three months of statements leading up to this lending decision. In the absence of any other contradictory information, I've considered these statements to understand what Oodle would likely have identified through proportionate checks.

The statements show Mr G's average income across the three months totals around £2,100. There's some non-discretionary expenditure evidenced such as insurance, utilities, and a payment to the DVLA; however, Mr G does make a large number of cash withdrawals across each month. While I can't safely conclude what these cash withdrawals were used for, I consider it's likely that some level was used for housing and living costs. Although, I'm not necessarily convinced that more detailed checks from Oodle would have identified this. Mr G's existing commitments to debt average around £360 per month, which appears to include payments towards defaulted debts.

Taking into account Mr G's evidenced income, non-discretionary expenditure, and payments towards existing credit, on average he's left with a disposable income above £400 per month. Mr G has provided his own income and expenditure assessment which shows his disposable income was around £150 per month. However, my assessment doesn't support this lower figure. And in any event, my calculated disposable income figure includes all of the cash withdrawals through the account, and I can't be satisfied that all of these cash withdrawals would solely have been towards non-discretionary expenditure. So, I consider more detailed checks would likely have led Oodle to identify Mr G had at the very least £400 disposable income per month.

As such I consider proportionate checks would have led Oodle to conclude Mr G had a reasonable level of disposable income to sustainably afford repayments to this agreement. So, it therefore follows I consider Oodle made a fair lending decision when providing Mr G with this hire purchase agreement.

Did Oodle act unfairly or unreasonably in any other way?

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

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

It therefore follows that I don't think Oodle acted unfairly or unreasonably in any other way in relation to this agreement. So, I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

For the reasons I've set out above, 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 G's complaint about Oodle Financial Services Limited trading as Oodle Car Finance.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 18 September 2025.

Richard Turner
Ombudsman