

The complaint

Ms M says Oodle Financial Services Limited ('Oodle') irresponsibly lent to her.

She says that it didn't take reasonable steps to ensure she could afford the repayments towards a hire purchase agreement to purchase a car. She says that the creditworthiness and affordability assessments were unsatisfactory and that if better assessments had been made, then Oodle would have been aware that the finance was not affordable for her and there was a potential risk of financial harm

Ms M's complaint has been brought by a representative and I've referred to Ms M and the representatives' comments as being from Ms M for ease of reading.

What happened

This complaint is about a hire purchase agreement that Ms M took out to purchase a car in March 2021. The vehicle had a retail price of £6,848 and all of this was financed. This agreement was to be repaid through 60 monthly instalments; the first instalment was for £218.35 followed by 58 monthly repayments of £168.35 and then a final instalment of £218.35. If Ms M made repayments in line with the credit agreement, she would need to repay a total of £10,201.

Ms M complained to Oodle saying that it has irresponsibly lent to her. Oodle considered this complaint, and it didn't uphold it. It said it thought it'd done adequate checks, which showed that Ms M could afford the lending. Ms M didn't agree with this and brought her complaint to the Financial Ombudsman Service.

Our Investigator didn't uphold Ms M's complaint. She thought that Oodle should have made better checks before approving the finance. But she thought that if it had made better checks it still would have seen that finance was affordable for Ms M.

Ms M didn't agree with the Investigator. She said that her average income was about £1,650 a month and her committed expenditure was £1,350. Which wouldn't have left her with enough to pay the new loan amounts.

There was some further correspondence, but no new issues were raised, and our Investigator still didn't think the information he had, made it likely the loan wouldn't be affordable. Because Ms M didn't agree, this matter has been passed to me to make 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.

When someone complains about irresponsible and/or unaffordable lending, there are two overarching questions I need to consider when deciding what's fair and reasonable in all of the circumstances of the complaint. These are:

1. Did Oodle complete reasonable and proportionate checks to satisfy itself that Ms M would be able to repay the credit in a sustainable way?
 - a. if so, did Oodle make a fair lending decision?
 - b. if not, would reasonable and proportionate checks have shown that Ms M could sustainably repay the borrowing?
2. Did Oodle act unfairly or unreasonably in some other way?

And, if I determine that Oodle didn't act fairly and reasonably when considering Ms M's application, I'll also consider what I think is a fair way to put things right.

Did Oodle complete reasonable and proportionate checks to satisfy itself that Ms M would be able to repay the credit in a sustainable way?

There's no set list for what reasonable and proportionate checks are, but I'd expect lenders to consider things such as the amount, duration, and payments of the finance being applied for, as well as the borrowers' personal circumstances at the time of each application.

Oodle has explained that it asked Ms M for some information about her income and circumstances at the time of the application. It says Ms M told it she was employed on a full-time basis, with a gross income of around £30,500. She also said she was co-habiting, a council tenant and that she had lived at her current address for three years and seven months.

Oodle checked Ms M's credit file, and it found out that she had one default 19 months before the finance application. There were some other instances of repayment problems in the past, but nothing recently.

It also found out that she had two credit cards with an outstanding balance of about £2,100. One mail order account with a value of £750 and a fixed term credit agreement to which she paid £35 a month and had an outstanding balance of about £1,250. Ms M also had some utility and communication accounts.

But other than finding out some information about her existing credit, Oodle doesn't seem to have asked, or found out about, Miss M's expenditure. It's said that it used Office of National Statistics ('ONS') data to estimate her living expenses. After doing these checks it thought that the monthly repayments would be affordable for her.

But this was a long-term lending agreement and Ms M would be repaying a reasonable amount each month for 60 months. So, I don't think I can say the checks that Oodle says it did were reasonable or proportionate. Oodle seems to have relied on the fact that Ms M was employed, with a reasonable income, and didn't have a lot of existing credit to say that the loan repayments were likely to be affordable. But I don't think this was enough to have assumed that Ms M could afford these loan repayments, particularly as they had to be repaid for 60 months. I think Oodle should have done more here. It should have, for example, looked into what her expenditure was in more detail.

Would reasonable and proportionate checks have shown that Ms M would be able to repay the credit in a sustainable way?

I've gone on to consider what Oodle would likely have found had reasonable and proportionate checks been carried out.

Oodle has provided the information it received from a credit reference agency as I've outlined above. I don't think there is anything in this that shows me Oodle should've declined her application, or that it should've been unduly concerned about her current financial position.

Ms M has also provided information from her bank for a period just before the lending. While I wouldn't have expected Oodle to have asked Ms M for copies of these, I'm satisfied that these statements would give a good indication of what Oodle would likely have taken into consideration had it asked Ms M to verify, or provide more information about, her income and committed expenditure during that specific period.

Our Investigator has looked at the information in the bank statements and she worked out that Ms M had a monthly income of around £1,900 after tax. And a committed monthly expenditure of £900. I largely agree that the Investigator's calculation shows that the loan was likely to be affordable for Ms M. And I don't think this calculation is unreasonable.

Ms M didn't agree, and she said that her income should be lower at around £1,650 a month. And her average committed expenditure was higher at about £1,350. And when the calculation was amended in this way, given her other household expenditures, the loan was likely to be unaffordable for her.

But, as our Investigator noted, this calculation amendment didn't include a benefit payment that Ms M received. And our Investigator had used 50% of some of the bill payments as she received a payment from her partner to pay for these. Again, I think this is reasonable to account for the fact that her partner sent her money regularly to pay for household bills.

And having thought about everything that was provided, I think that the detail of Ms M's income and outgoings are perhaps less important than her overall circumstances in relation to the loans. It's clear Ms M was employed, and she had a reasonable income. She was living with a partner in what looks to be a relatively stable situation. She didn't have any current financial problems.

Added to this, the monthly finance repayments were a relatively modest proportion of her monthly income. And even using her representatives' calculations, which I don't entirely agree with, she could meet the loan repayments, albeit with very little left over.

So, and while I appreciate this will come as a disappointment to Ms M, I'm satisfied that, had Oodle carried out reasonable and proportionate checks, I think that it's likely that it would have found the finance to be sustainably affordable. I'm not upholding this complaint.

Did Oodle act unfairly or unreasonably in some other way?

I haven't seen anything to make me think Oodle acted unfairly or unreasonably in some other way.

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 Ms M or otherwise treated her 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 set out above, I don't uphold Ms M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 10 September 2025.

Andy Burlinson
Ombudsman