

The complaint

Mr P complains through a representative that Oodle Financial Services Limited trading as Oodle Car Finance ("Oodle") gave him a hire purchase agreement without carrying out sufficient affordability checks which has rendered the relationship unfair.

What happened

In July 2019, Oodle provided Mr P with a hire purchase agreement for a used car through a credit intermediary. The cash price for the vehicle was £7,176 and no deposit was paid. Mr P was due to pay £3,508.60 in interest fees and charges with a total to repay of £10,684.60. Mr P was due to make a payment of £226.41 followed by 58 payments of £176.41 then a final payment of £226.41. The statement of account shows the agreement was settled in July 2023.

Oodle issued a final response letter about Mr P's complaint in August 2024, and it didn't uphold the complaint. Mr P's representative then referred the complaint to the Financial Ombudsman.

Mr P's complaint was then considered by an investigator. The investigator said the credit check results indicated recent financial difficulties and so it ought to have reviewed what Mr P's actual monthly outgoings were rather than relying on statistical data. Mr P hadn't answered the Investigator's further questions and so based on what the investigator saw they were satisfied that had Oodle looked more closely at Mr P's finances it still would've lent to him.

Mr P's representatives didn't accept the findings saying its own assessment of Mr P's income and expenditure showed his outgoings were more than his income – so clearly Mr P couldn't afford the finance.

These comments didn't change the investigator's assessment and so the complaint has been passed to an ombudsman 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 explained how we handle complaints about irresponsible and unaffordable lending on our website. And I've used this approach to help me decide Mr P's complaint. Having carefully thought about everything I've been provided with I'm not upholding Mr P's complaint. I'd like to explain why in a little more detail.

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

Oodle as part of the application process took details of Mr P's self-employed income which he declared was £30,000 per year - gross. Oodle says, at the time all applications were subject to an income check through a third party. It seems Oodle used the declared as part of its application, so it follows it would've been satisfied the amount declared by Mr P was accurate.

It also knew that Mr P lived in a council property and had done so for over two years. Taking the income and residential status into account, Oodle says it then used information extracted from the Office of National Statistics to work out Mr P's living and housing costs. However, Oodle hasn't been able to provide us exactly what calculations it carried out and what those calculations and figures showed. But it did say the monthly repayment Mr P was committed to paying was smaller than the maximum amount its calculations showed that Mr P could afford.

Oodle conducted a credit search before granting the agreement and it has provided a copy of the results that it received. I've considered these results to in order to see whether Oodle was given any indication that Mr P was or was likely having financial difficulties at the time the agreement was granted.

The credit search results, generally showed that the five active accounts Mr P had were well maintained. He had £416 of credit card debt and a loan costing £12 per month. These had been managed well with no missed payments.

However, Mr P had encountered difficulties repaying a telecommunication account because this had defaulted in May 2019 with a balance of £72. Prior to the six months of repayment problems Mr P had made the repayments as expected – this defaulted account needed consideration given how close it was to the loan start date.

So, I do think, like the investigator, that the checks needed to go further before approving the finance. In those circumstances it just wasn't fair nor reasonable to have relied on statistical data to determine what his likely living costs were when Mr P had recent impaired credit history.

Oodle's checks could've gone further simply by asking Mr P what his actual living costs were rather than solely relying on statistical data either by asking for evidence from Mr P about his bills, obtaining other documentation or as I've done, it could've asked for copy bank statements.

But to be clear, I've only used the bank statements to get an idea of what Mr P's regular living costs were likely to have been at the time. I've not done this because I think Oodle ought to have requested this information as part of underwriting this loan. After all, Oodle already had a reasonable idea about Mr P's existing credit commitments and his income.

I accept that had Oodle conducted proportionate checks it may not have seen all the information that I have seen. But, in the absence of Oodle conducting a proportionate check

I do think it's fair and reasonable to consider statements that I now have access to for the purposes of discovering Mr P's likely living costs. And having looked at the statements I've come to the same conclusions as the investigator for broadly the same reasons.

I've also noted that the investigator attempted to obtain further comments from Mr P in relation to his outgoings – but despite being given a chance to provide them he didn't respond. While an income and expenditure form was completed by his representative, I have considered that this wasn't meant to be a forensic review of Mr P's finances.

The bank statements showed very little in the way of living costs – Mr P was already paying for car tax and then had a number of other direct debits each month including for a loan and mobile phones. There are no other expected living costs such as rent or utilities.

So, with Mr P's declared and checked annual income and the check Oodle says it carried out, along with the costs that I've seen within the bank statements. Considering this additional check wasn't intended to be a fully forensic accounting review of Mr P's circumstances, then I think overall, given the living costs and expenditure that I can see in the bank statements, Oodle would've thought – just thinking about Mr P's regular payments and living costs that he could've afforded the agreement.

I've therefore not upheld Mr P's complaint.

Mr P has raised some concern about how he was treated, but apart from one phone call he made to Oodle at the start of the pandemic to see what help and support was on offer – if he needed it. There wasn't any other contact about forbearance. And the statement of account shows that the payments were made as expected. As such, Oodle couldn't and didn't know that Mr P may have been having difficulties making his repayments.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Oodle lent irresponsibly to Mr P 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 explained above, I'm not upholding Mr P's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 23 May 2025.

Robert Walker
Ombudsman