

The complaint

Miss D complains that Oodle Financial Services Limited trading as Oodle Car Finance (Oodle) lent to her irresponsibly.

What happened

On 27 January 2020, Miss D entered into a hire purchase agreement with Oodle as shown below, to buy a used car. This agreement was settled in November 2023 with no missed payments or arrears.

Date	Amount of credit	Term	Monthly payment	Total repayable
27 January 2020	£15,095.00	60 months	£330.20	£21,812.00

On 13 September 2024, Miss D complained to Oodle with the help of a professional representative. In his complaint, Miss D said at the time of the lending Oodle failed to perform proportionate checks and lent to her unfairly. She thinks that if Oodle had completed proper checks it would have known the agreement wasn't sustainable.

Oodle looked into the complaint and issued a final response letter saying it didn't think it had acted unfairly. It said it had confirmed the agreement was affordable by checking the information the credit reference agencies (CRA) held about Miss D, asking her for details about her income, and using data from the Office for National Statistics (ONS) to estimate her expenditure.

Miss D didn't accept Oodle's response, so she referred her complaint to our service, again with the help of her representative. One of our investigators looked into the case. Based on the evidence that was available, our investigator said he couldn't reasonably conclude that the lending was irresponsible, or that the relationship was unfair.

Miss D didn't accept our investigator's view, and her representative said on its calculations she didn't have enough disposable income to be able to afford the credit. So, as there was no agreement, 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.

I think there are key questions I need to consider in order to decide what is fair and reasonable in this case:

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

Oodle had to carry out reasonable and proportionate checks to satisfy itself that Miss D would be able to repay the credit sustainably. It's not just about Oodle assessing the likelihood of it being repaid, but it had to consider the impact of the repayments on her.

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 credit, the amount of the monthly repayments and the overall circumstances of the borrower.

Oodle has explained that it carried out a full credit search to get an understanding of Miss D's situation before it decided to lend to her. It's provided a copy of the credit search it undertook, and this shows that Miss D was up to date with all other accounts and didn't appear to be over indebted or struggling to manage her finances. There were no defaults, Bankruptcies or IVA's recorded, but Miss D had received a CCJ in the last six months for £197.

Oodle has shown Miss D told it her annual income was £30,000. But I can't see that Oodle verified this or gathered any information about Miss D's expenditure. It also hasn't provided a copy of the ONS data it relied on. So, although Miss D was managing her active credit well, given the CCJ and the lack of information about Miss D's income and expenditure, I can't be satisfied that Oodle carried out proportionate checks. Given this, I think it would have been reasonable for Oodle to get a better understanding of Miss D's financial situation and disposable income before lending to her.

There are a number of ways it could have done this, but for the avoidance of doubt, I'm not making a finding here that Oodle needed to see Miss D's statements in order to complete its own income and expenditure assessment. Rather I think it needed to verify Miss D's income and ask her for more information about her regular expenditure. That said Miss D has been able to provide this service with copy bank statements from the time of the lending. In the absence of any other evidence, I think it's reasonable to rely on these to establish what Oodle would likely have found had it asked Miss D more questions about her finances.

I've carefully reviewed Miss D's statements, and I can see that she was choosing to make large overpayments to her credit card each month between October 2019 and December 2019. I must also consider that it doesn't appear Miss D had any other essential or committed expenditure in October 2019. It also seems she received an additional payment from her employer, of around £2,400 in November 2019. Further to this, Miss D has let this service know that because of arrangements with her employer she didn't pay rent or bills.

Miss D's use and overpayments to her credit card shows she had a good understanding of credit and although she made use of her credit card, she managed this well as shown by the credit report. So, on balance I think this was a choice Miss D made about how to manage her finances rather than a sign of financial distress.

Looking at the current account statements provided, it appears her committed essential expenditure (including other credit agreements, insurance and communications, but excluding payments to her credit card) was around £485 a month from November 2019. Although Miss D was making large payments to her credit card, I haven't seen any evidence that she was contractually obliged to do this or that she would have been unable to make lower repayments. So, I think when trying to understand Miss D's affordability it would be reasonable to take into account a payment towards the credit card that would be more in line with a contractual payment. However, given Miss D's tendency to make overpayments I have allowed for this. So, if we take into account a reasonable repayment towards her credit card debt – assuming she used the available balance of £3,000 as captured in the credit report - her expenditure rises to around £800. Although Miss D did receive significantly more

in income from her employer in November 2019, her normal income was around £1,900. This means Miss D had around £1,100 in disposable income to pay for food and this new agreement.

Given this, I'm satisfied Miss D had a reasonable amount of disposable income after accounting for her essential expenditure and the repayments to the agreement. Given this, I think if Oodle had asked Miss D about her income and expenditure it would have fairly concluded that she had enough disposable income to be able to sustainably afford the repayments due under the agreement.

Based on the available evidence, it's not clear enough to me that Oodle created unfairness in its relationship with Miss D by lending to her irresponsibly, or in the way it handled the account under the credit agreement. So, I don't find that Miss D's relationship with Oodle was unfair, and I can't conclude Oodle treated Miss D unfairly in any other way based on what I've seen.

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 Miss D to accept or reject my decision before 15 September 2025.

Charlotte Roberts
Ombudsman