

## The complaint

Miss T complains that Hyundai Capital UK Limited trading as Kia Finance provided her with three unaffordable fixed sum loan agreements to purchase vehicles.

Miss T's complaint has been brought by a professional representative, but for ease I've referred to all submissions as though they are her own.

## What happened

Kia Finance provided Miss T with three regulated fixed sum loan agreements with the following details (I've rounded some of the values for ease):

Start date	Capital amount	Total repayable	Monthly repayment	Final repayment	Deposit	Term (months)
August 2019	£7,470	£10,280	£145	£3,410	£750	43
October 2020	£10,200	£13,000	£180	£3,980	£260	49
August 2021	£9,520	£12,050	£180	£3,220	£250	49

*\*Kia Finance has confirmed each new agreement replaced the existing agreement*

Miss T complained to Kia Finance in December 2024 saying each of these agreements had been unaffordable for her, and that proportionate checks would have identified this.

Kia Finance didn't uphold Miss T's complaint. It said its checks were proportionate and that it made fair lending decisions when providing her with each of these agreements.

Unhappy with its response Miss T referred her complaint to our service.

One of our investigators reviewed the details and didn't uphold the complaint. Although he didn't consider Kia Finance had completed proportionate checks before providing each of the credit agreements; on review of what it would more likely than not have identified through more detailed checks, our investigator concluded it would still have reasonably provided Miss T with these credit agreements.

Kia Finance didn't respond to our investigator's view; Miss T responded and disagreed. In summary, she said she had other credit agreements which included other vehicles purchased through finance that were running concurrently to these agreements. She said she couldn't afford to maintain household bills and that these were being paid by her partner at the time.

Our investigator considered the further information and set out why it didn't change their view of the complaint.

Miss T asked for an ombudsman's review, so the complaint has been passed to me to decide.

I note that one of our investigators recently contacted Miss T, to look to mediate the outcome

of this complaint. However, it is clear that an ombudsman's decision is still required. And having considered the information and evidence on file, I'm satisfied I can go on to reach a fair outcome on this complaint without any further information or evidence.

### **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 Miss T and Kia Finance, so I don't intend to repeat it in detail here. 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; but I've focused my findings on what I consider to be the key points. I don't mean to be discourteous to Miss T or Kia Finance 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. And I've seen our investigator set out this approach within their view.

At the time Kia Finance arranged each of these agreements for Miss T it was required to carry out proportionate checks. These checks required it to assess Miss T's ability to afford the agreements being arranged and repay them sustainably, without causing her 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 Miss T's complaint, and I've set out my findings below under separate headings for ease.

#### The lending decisions

Kia Finance says before approving Miss T for each agreement it completed a credit check. It says through this credit check it was able to identify Miss T's existing commitments to credit, as well as how she'd managed her recent and historic credit accounts. Kia Finance says it used the details from these checks, together with Miss T's Consumer Indebtedness Index (CII) score to complete its creditworthiness assessment.

Kia Finance says its checks were proportionate and that it went on to make fair lending decisions when providing Miss T with each of these credit agreements.

I've carefully considered Kia Finance's arguments. Having done so, I'm not persuaded its checks before any of these credit agreements were proportionate; however, for reasons I'll go on to explain, I consider it did reach a fair lending outcome in each event.

I say this because while Kia Finance has said the data it received from the credit reference agency checks satisfied its internal lending criteria; it hasn't provided our service with the data it obtained, or its internal lending criteria. So, I'm unable to be satisfied how Kia Finance reached this conclusion.

I also note Kia Finance didn't at any point obtain Miss T's declared or verified income. Given the terms of lending it was providing, I consider proportionate checks ought to have led to

Kia Finance obtaining details about Miss T's income and expenditure, so it could reasonably satisfy itself that this agreement would be affordable for her.

Kia Finance could have obtained this information in a number of ways as the rules aren't prescriptive in what it should consider. 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.

Miss T has provided us with her bank statements covering each of the three month periods before these lending events. In the absence of any contradictory information, I've considered these statements to understand what Kia Finance would more likely than not have identified about Miss T's income and expenditure, had it completed more detailed checks. However, I am mindful that as I've set out above, the rules aren't prescriptive in terms of what information Kia Finance should have obtained to better understand Miss T's financial situation; and I've kept that in mind during my review.

Having considered the evidence available I consider proportionate checks would more likely than not have led to Kia Finance concluding that each of these credit agreements were affordable for Miss T.

I say this because having reviewed the statements that I've referenced above, Miss T appears to be left with a reasonable level of disposable income to sustainably afford repayments to each of these credit agreements.

Miss T's monthly income is evidenced as well as her non-discretionary expenditure to services such as insurances, car associated costs, and subscriptions such as a mobile contract. Miss T doesn't appear to pay a monthly cost towards housing and associated household bills; however, she's confirmed within her testimony that her ex-partner made these payments. So, had Kia Finance completed more detailed checks I consider it would reasonably have concluded that Miss T had no liability towards these.

Miss T has provided us with statements for her ex-partner's account to evidence the household costs she says were payable at the time of these agreements. However, I don't consider it would have been proportionate for Kia Finance to have obtained these. And in any event, while I don't doubt Miss T's testimony of her financial situation and arrangements, the documentary evidence by way of her bank statements doesn't support that she contributed towards any household costs in any of the three month periods I've reviewed. So, I don't consider it would have been unreasonable for Kia Finance to have accepted that Miss T didn't make payments towards housing costs.

Miss T makes regular payments to existing lines of credit across each of the periods I've reviewed, and it's fair to say that Miss T's use and repayment of credit does increase across the three years Kia Finance provided these agreements. However, based on the income and expenditure going through Miss T's bank account, the repayments to existing credit appear affordable. The income and expenditure checks I've completed show Miss T is left with between around £500 to £900 of disposable income each month. And in some months there are credits from an individual, which I haven't included in my calculations, but further increase the level of disposable income. So, the bank statements show that on a pounds and pence basis Miss T's income is sufficient to cover her non-discretionary expenses and existing credit commitments, as well as the monthly repayments to the new credit agreements with Kia Finance that she was being approved for.

I don't doubt Miss T's testimony that her circumstances at the time of these lending events may have been different to the picture that I have obtained through the bank statements she's provided. But my role here is to consider what proportionate checks at the time of each of these lending events would more likely than not have shown Kia Finance. And based on the evidence available to me, I consider proportionate checks would reasonably have led Kia Finance to conclude that each of these agreements were sustainably affordable for Miss T.

I therefore consider Kia Finance made fair lending decisions when providing Miss T with each of these credit agreements.

Did Kia Finance act unfairly or unreasonably in any other way?

I've considered whether Kia Finance acted unfairly or unreasonably in any other way, including whether the relationship may have been unfair under s.140A of the Consumer Credit Act 1974.

The contact notes don't suggest Miss T made Kia Finance aware of any financial difficulties, or any other concerns for that matter relating to these agreements, until she made this complaint in 2024. The notes I've seen show Miss T made her monthly payments in line with her contractual obligations while each agreement was live. And I've seen that the latest agreement provided in 2021 was settled early, in 2022, it would appear without any concerns.

So, I've not seen anything to suggest Kia Finance was or ought reasonably to have been aware of any possible financial difficulties, or that it acted unfairly or unreasonably in any other way. I therefore follow I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

I acknowledge my decision will likely be disappointing to Miss T, but for the reasons set out above I don't consider Kia Finance needs to take any further action in resolution of this complaint.

**My final decision**

My final decision is that I don't uphold Miss T's complaint about Hyundai Capital UK Limited trading as Kia Finance.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 10 October 2025.

Richard Turner  
**Ombudsman**