

## **The complaint**

Mr K complains that Oodle Financial Services Limited (“Oodle”), trading as Oodle Car Finance, irresponsibly granted him a hire purchase agreement he couldn’t afford to repay.

## **What happened**

In October 2023 Mr K acquired a used car financed by a hire purchase agreement from Oodle. Mr K was required to make an initial payment of £348.50 followed by 58 payments of £298.50 and then a final payment of £348.50. The capital price of the car was £9,950 and the total repayable under the agreement was £18,010.

Mr K says that Oodle didn’t complete adequate affordability checks. He says if it had, it would have seen the agreement wasn’t affordable. Oodle didn’t agree. It said that it carried out a thorough assessment which included using credit checks and statistical data.

Our investigator didn’t recommend the complaint be upheld. He thought Oodle didn’t act unfairly or unreasonably by approving the finance agreement.

Mr K didn’t agree and said Oodle ought to have carried out better checks at the time.

The complaint has therefore been passed to me for 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.

We’ve explained how we handle complaints about unaffordable and irresponsible lending on our website. And I’ve used this approach to help me decide Mr K’s complaint.

Oodle carried out checks to see if the agreement would be affordable. Mr K gave details about his income and employment on his application. I note that he described his employment as being ‘permanent part time’. Oodle looked at this information and used it to carry out an affordability assessment to see if he could meet the repayments sustainably. Oodle also says it relied on national statistics data to help it to calculate if the agreement was likely to be affordable. The regulator has said firms can estimate expenditure unless it knows or there are indicators to suggest an estimate is unlikely to be accurate.

The credit check Oodle completed for Mr K showed he had some problems meeting credit repayments in the recent past, with at least 12 separate accounts being going into default. Mr K told us he’d been in a debt relief order around a year before and that’s consistent with what the credit check shows. I think this is a real concern that ought to have prompted Oodle to carry out better checks. I’ve also kept in mind that Mr K was planning to borrow a relatively large sum repayable over almost a five-year period. That means there was a risk that Mr K could start to struggle with meeting the repayments for the agreement if they became unsustainable.

I should add that a payment history like this wouldn't automatically be enough to exclude him from being granted this credit. I say this in the knowledge that Oodle's customer-base includes those with county court judgments and who for that and other credit-related reasons have experienced problems obtaining credit elsewhere. But I do think that given the number of defaults and the fact that they were shown to have remained unpaid, it would have been reasonable and proportionate for Oodle to have done more to better understand Mr K's specific financial circumstances.

I've considered what Oodle would likely have found if it had completed reasonable and proportionate affordability checks. One of the ways that Oodle could have verified Mr K's expenditure was by reviewing bank statements in the run-up to the lending decision. In the absence of anything else, I've reviewed bank statements from around the time of the lending which I think give a good indication of what Oodle would likely have found had it completed better and more proportionate checks.

The statements show that Mr K's typical monthly income – made up of his employment income as well as some state benefits – averaged out at around £3,100 per month. That's consistent with the income he stated on his application for the finance, allowing for the benefits element. He would need to pay his household costs and credit commitments from that and still be able to sustainably fund the new agreement. I've seen that the household costs Mr K was paying included rent, car and mobile phone costs and also food costs. I broadly agree with what our investigator found, suggesting that his typical household costs were around £1,300 per month. So it was likely that he had a good level of disposable income each month, even allowing for a variable level of income from month to month.

Mr K has disagreed with our investigator's findings. He queries whether Oodle carried out a hard credit check. I've seen the credit check Oodle carried out with Transunion which highlighted the various unsatisfied defaults as well as the fact that Mr K had been in a payment arrangement. This is consistent with what Mr K told us about his recent financial history. Nevertheless, I think Oodle ought to have gone on to have done better checks. Had it done so, from the bank statement evidence I've seen, I don't think Oodle would have thought it necessary to reconsider whether it wished to lend to Mr K.

To summarise, I think there's enough to show that the agreement was likely to be affordable to Mr K. So I can't reasonably conclude that Oodle ought to have thought he might struggle to make the repayments. I'm therefore not persuaded that Oodle acted unfairly in approving the finance.

I've considered whether the relationship between Mr K and Oodle 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 Oodle lent irresponsibly to Mr K or otherwise treated him unfairly. I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

I'm sorry to have to disappoint Mr K on this occasion.

### **My final decision**

For the reasons I've given, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 15 August 2025.

Michael Goldberg

**Ombudsman**