

## **The complaint**

Mr H complains through a representative that STARTLINE MOTOR FINANCE LIMITED ("Startline") failed to conduct proportionate affordability checks before it lent to him.

## **What happened**

In December 2023, Startline provided Mr H with a hire purchase agreement for a used car through a credit intermediary. The cash price of the car was £10,250 and a dealer deposit of £1,500 deposit was paid and so £8,750 was financed. With interest, fees, charges and the deposit Mr H was due to pay Startline a total of £14,277.04. Mr H was due to make 47 monthly repayments of £265.98 followed by a final payment of £275.98. To date Mr H appears to have made all his repayments as expected.

Startline considered Mr H's complaint and didn't uphold it. Startline concluded adequate checks were conducted which showed the agreement to be affordable. Unhappy with this response, Mr H's representatives referred the complaint to the Financial Ombudsman.

Mr H's complaint was then considered by an investigator, and they didn't uphold it. He said the checks carried out by Startline were proportionate and showed Mr H could afford the agreement, and he also thought, taking account of the information Startline gathered that a fair lending decision was made.

Mr H's representative didn't agree, and these comments didn't change the investigator's opinion and so the complaint was passed 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 irresponsible and unaffordable lending on our website. And I've used this approach to help me decide Mr H's complaint. Having carefully thought about everything I've been provided with I'm not upholding Mr H's complaint. I'd like to explain why in a little more detail.

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

In the circumstances of this complaint, I'm satisfied the checks carried out by Startline were proportionate and demonstrated to it that the agreement as likely affordable for Mr H and I've explained why below.

Mr H declared he worked full time, and his gross annual income was £15,500. However, Startline didn't just accept what Mr H had declared, it used a well-known tool provided by a credit reference agency to cross reference his declaration about his annual income. The results indicated that the annual amount Mr H declared was accurate and so it was reasonable for Startline to believe this was Mr H's gross income.

Startline also carried out a credit search and it's provided a copy of the results that it received from the credit reference agency. Startline was told.

- Mr H had two personal loans costing a total of £152 per month.
- Credit card and mail order accounts with a total outstanding balance of £1,161.
- A budgeting account and current account with an overdraft of up to £680 that according to the results wasn't being used.

Overall, Startline ought to have realised that Mr H had likely existing commitments of around £200 per month.

There were some signs from the credit file that in the not too distance past Mr H had difficulties maintaining his credit commitments. Mr H had defaulted on a total of four accounts with the most recent one being recorded 21 months before the agreement started. However, given how Mr H had managed his accounts since, I don't think Startline would've been overly concerned by these defaults or that the defaults suggested Mr H's difficulties were still ongoing.

And I've noted that Ms H's representative says his overall indebtedness at the time was around £4,000. It does seem from the information received by Startline that it was an accurate amount. Most of the debt was connected to a loan that was costing Mr H £145 per month – and which was being repaid without any obvious problems. I don't think the amount of debt – given how the accounts had been repaid wouldn't have led Startline to conduct further checks.

In terms of outgoings, Startline says the information provided by Mr H was cross referenced against its own cost of living model. This model utilises data from the Office of National Statistics as well as considering the existing commitments Startline was aware of.

Although, Startline hasn't given details of the exact figures it used when considering its own model, it did ultimately, believe, based on all of the information it gathered and importantly, what Mr H declared that the agreement was affordable.

The only costs declared by Mr H were for rent at £200 and 'other' at £350 per month. The rent figure could in some situations be seen as being quite low, but Mr H had declared he had lived at home with his parent(s) and so it would've been reasonable for Startline to have concluded it wouldn't have had the same level of monthly outgoings on priority bills than perhaps someone who has a mortgage and or was renting.

Mr H declared his total monthly outgoings came to £550 a month and Startline knew Mr H's existing credit commitments were around £200 per month. With the cost of the credit agreement of around £265 he had sufficient disposable income to afford the agreement – and so Startline hasn't made an unfair decision to lend.

I've taken on board what Mr H's representative said about the percentage of income that was needed to make the repayments, but given he lived at home with parents, his income was checked – following his declaration, and how Mr H had managed his recent credit commitments. I'm not persuaded in those circumstances and weighting everything up that Startline would've concluded it needed to do more.

An outstanding balance remains due, and I would remind Startline of its obligation to treat Mr H fairly and with forbearance – if necessary.

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 Startline lent irresponsibly to Mr H 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 given above, I do not uphold Mr H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 30 May 2025.

Robert Walker  
**Ombudsman**