

The complaint

Mr F, who is represented by a third party, 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 July 2018, Mr F acquired a used car financed by a hire purchase agreement from Oodle. The amount of credit was £10,235. Mr F was required to make an initial payment of £284.55 followed by 58 payments of £234.55 and then a final payment of £284.55. The total repayable under the agreement was £14,173.

The agreement was settled in December 2022.

Mr F says that Oodle didn't complete adequate affordability checks. He says if it had, it would have seen the agreement wasn't affordable, especially given his financial history. 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 F didn't agree. He said that had Oodle carried out better checks at the time it would have seen the agreement was unaffordable for him.

The case 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 F's complaint.

Oodle carried out checks to see if the agreement would be affordable. Oodle asked Mr F about his income and says it carried out an affordability assessment to see if he could meet the repayments sustainably. Mr F said he was in full-time employment with an annual income of around £26,000. He was renting his home and sharing it with his partner.

His credit check showed he'd had some problems with previous borrowing – he'd had four defaults in 2016 - which were yet to be settled. The check also showed he was in a payment arrangement. He was making total payments towards credit each month of £270.

Oodle also says it relied on national statistics data to help 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.

In the circumstances of Mr F's complaint, however, I think Oodle ought to have carried out better checks at the time, finding out more about his regular committed spending each month and verifying his level of income. I say this given the relatively recent problems with his credit history. And I've noted that Mr F had used up only just over half the credit that was available to him. So there was a risk that he could easily become financially overstretched again if he took on the new agreement alongside the credit he was already using, with the opportunity of using more credit still available. Given that the new agreement was due to be repaid over five years, I think that put a question mark over whether he would be able to repay it on an affordable and sustainable basis.

I say this in the knowledge that Oodle's customer-base often includes people who have experienced problems obtaining credit elsewhere due to their credit history or for other reasons. I do think though in Mr F's case it would have been reasonable and proportionate for Oodle to have done more to better understand Mr F's specific financial circumstances. Oodle also doesn't seem to have taken steps to verify Mr F's income before approving the finance.

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 F's expenditure was by reviewing bank statements in the run-up to the lending decision. This was something our investigator asked Mr F to provide. The statements for the months leading up to the granting of the finance give only a limited insight into how Mr F was managing his finances. Taken on their own, they suggest that Mr F had enough disposable income to meet the cost of the new agreement alongside his existing financial commitments.

Mr F responded to our investigator's findings by providing a breakdown of his typical monthly outgoings, showing he had committed spending each month of around £1,450. However, given that the bank statements didn't give a complete picture as to how Mr F was managing his household and credit costs, it looks likely that his partner was sharing some of the regular household outgoings with him.

The rules set by the Financial Conduct Authority includes guidance about what firms must do to undertake a reasonable assessment of creditworthiness before lending. This guidance is known as the Consumer Credit Sourcebook or CONC guidance. The creditworthiness assessment guidance at 5.2A of CONC says firms must undertake a reasonable assessment of a customer's creditworthiness before lending. When looking at their ability to make repayments under the agreement, businesses ought to have regard to the customer's income and 5.2A.12 states that includes *"income received by another person so far as it is reasonable to expect such income to be available to the customer to make repayments under the agreement."*

I think this is relevant here because had Oodle carried out better checks at the time and seen that contributions were being made by both Mr F and his partner, it would have been entitled to take this into consideration when seeing if the new credit was likely to be affordable and something that Mr F would be able afford and pay sustainably going forwards.

Mr F has said he was meeting all his household costs himself, but unfortunately the bank statements don't have enough detail to support this. I agree with our investigator that Mr F's monthly rent is one example of something that doesn't appear on them.

Taking all of this into account, I think the agreement was likely to be affordable to Mr F. I'm therefore not persuaded that Oodle acted unfairly in approving the finance.

It follows that I don't think Mr F has been able to demonstrate that the agreement was unaffordable. 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 F and Oodle might have been unfair under Section 140A of the Consumer Act 1974. However, for the reasons I've already given, I don't think Oodle lent irresponsibly to Mr F 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.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 17 June 2025.

Michael Goldberg

Ombudsman