

The complaint

Mr W complains that Oodle Financial Services Limited trading as Oodle Car Finance lent to him irresponsibly.

What happened

In August 2019 Mr W was supplied with a car and entered into a hire purchase agreement with Oodle. The cash price of the car was £20,440. Mr W paid a deposit of £2000. The total amount repayable was £27,299.20. The first monthly payment was £503.32 followed by 58 monthly payments of £453.32 followed by a final payment of £503.32.

In June 2024 Mr W complained that Oodle had lent to him irresponsibly. He said the agreement was unaffordable.

Oodle didn't uphold the complaint. It said it had carried out proportionate affordability checks before issuing the credit.

Mr W didn't agree. He said that Oodle had carried out affordability checks based on an incorrect figure for his salary. Mr W said the lending decision was based on him earning £38,400 but was only earning £28,000 at the time of the application. Mr W said he was experiencing financial difficulties as a result of having to make repayments that he couldn't afford. He said he'd made offers to Oodle to catch up on the repayments, but they've refused and want to take back the car.

Our investigator didn't uphold the complaint. He said that although he didn't think Oodle had carried out proportionate checks, having reviewed Mr W's financial circumstances at the time he thought that had they carried out proportionate checks, Oodle would've seen that the agreement appeared affordable.

Mr W didn't agree. He said he'd never been paid £38,400 and had never claimed to earn that much. Mr W said that the application form had been altered to falsify his income.

Because Mr W didn't agree I've been asked to review the complaint.

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.

Our approach to complaints about unaffordable and irresponsible lending including the relevant rules, guidance and good industry practice are set out on our website. I've used this approach to help determine Mr W's complaint.

Having carefully considered everything I've decided not to uphold Mr W's complaint. I'll explain why.

Did Oodle carry out reasonable and proportionate checks to make sure that Mr W could repay the loan in a sustainable way?

Oodle needed to take reasonable steps to ensure that it didn't lend irresponsibly. In practice this means that it should've carried out proportionate checks to make sure Mr W could afford to repay what he was being lent in a sustainable manner. These checks could take into account a number of different things, such as how much was being lent, the repayment amount and the customers income and expenditure.

Our website sets out what we typically think about when deciding whether a lenders checks were proportionate. Generally, we think it's reasonable for a lenders checks to be less thorough – in terms of how much information it gathers and what it does to verify it – in the early stages of a lending relationship.

But we might think a lender needed to more if, for example, a borrowers income was low, or the amount lent was high. And the longer a lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So, we'd expect a lender to be able to show that it didn't continue to lend to a borrower irresponsibly.

The information on Mr W's application states that he was employed with a salary of £38,400 and that he'd been living at a rented property for just over three years. Mr W has said that the figure of £38,400 is incorrect and that he never said his income was this high. He's said that his income was more like £28,000 and that his application was altered. I appreciate that Mr W feels very strongly about this. However, I haven't seen any evidence to suggest that the application has been altered. That said, I can't see that Oodle took any steps to verify Mr W's income.

Oodle says it carried out a credit check which showed that Mr W had 7 other credit accounts. The check also showed two unsatisfied defaults and one satisfied default. The most recent default was two years prior to the application so I think it's fair to say that the defaults were historical and not reflective of Mr W's circumstances at the time he applied for the loan.

The information from the credit checks showed that Mr A had total debt of £3,273 at the time he applied for the loan with total monthly repayments of £51.

Oodle used statistical information from the ONS to estimate Mr W's outgoings and carry out an affordability assessment. I haven't seen any evidence of the assessment so I'm unable to conclude that the checks were reasonable and proportionate.

I've considered all this information. I've also taken into account that the overall value of the loan was high, and the term of the loan was lengthy. Having done so, I don't think the checks carried out by Oodle were proportionate or that it had obtained enough information to make a responsible decision on whether to lend to Mr W.

Just because I'm not satisfied that Oodle didn't carry out proportionate checks doesn't mean the lending decision wasn't fair. I've therefore gone on to consider what information Oodle would've seen had it carried out proportionate checks.

Would proportionate checks have shown that Mr W would be able to repay the agreement in a sustainable way?

Because I've found that proportionate checks weren't carried out, I need to decide what reasonable and proportionate checks would've shown. I've done this by reviewing Mr W's bank account at the time of the loan application, because this gives an accurate picture of what Mr W's financial circumstances were and reflects what Oodle would have seen had they carried out these checks.

I've reviewed bank statements covering the period May to July 2019, which is the three months leading up to the lending decision. I can see that Mr W received income of around £1922.65 per month. I can also see that Mr W had regular outgoings of £750 per month to his partner in relation to his share of rent. I can see that Mr W was making payments in respect of his existing credit commitments. I can also see expenditure on general household expenses and food shopping.

I've calculated that Mr W's average income minus his average expenditure during this period left him with disposable income of around £302. Mr W's bank account was well managed and there was no indication that he was experiencing financial difficulties or that he was overly reliant on credit.

Having reviewed the bank statements, I'm of the view that had Oodle carried out reasonable and proportionate checks, it would've reached the conclusion that the loan repayment was affordable for Mr W.

Taking into account the information obtained from Mr W and from the credit check and based on the calculation of Mr W's disposable income at the time, I haven't seen anything to suggest that the lending was irresponsible or that the lending decision was unfair.

I've reviewed Mr W's financial position at the time of the lending decision using the information about his income using the figures on his bank statements, rather than the figure on Mr W's application which I appreciate that he disputes. And as I've said above, I think the agreement was affordable based on the (lower) salary reflected in Mr W's bank statements.

Did Oodle act unfairly in some other way?

I've considered whether Oodle acted unfairly or unreasonably in any other way, including whether its relationship with Mr W might have been unfair under section 140 of the Consumer Credit Act 1974.

However, for the reasons I've set out above, I haven't seen anything to suggest that this was the case.

My final decision

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 16 July 2025.

Emma Davy
Ombudsman