

## **The complaint**

Mrs S complains that Oodle Financial Services Limited ('Oodle'), irresponsibly granted her a hire purchase agreement she couldn't afford to repay.

## **What happened**

In October 2018, Mrs S acquired a used car financed by a hire purchase agreement from Oodle, providing credit of £11,984.50. Mrs S was required to make a first instalment of £367.09, followed by 46 monthly repayments of £317.09, with a final payment of £367.09 at the end of the agreement.

The agreement was settled in October 2022.

Mrs S has complained about the level of interest she had to pay over the course of the agreement and has suggested she was overcharged. Oodle didn't agree, saying that the sale paperwork highlighted the interest on the agreement and the total repayments due.

Our investigator didn't recommend the complaint be upheld. He essentially thought that Oodle had made a fair lending decision. And he thought the agreement clearly showed the level of interest Mrs S would be paying.

As Mrs S doesn't agree, her complaint has 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 Mrs S's complaint.

Because Mrs S is complaining about the basis on which Oodle agreed to lend to her, I think it's reasonable to also consider whether it made a fair lending decision so that the new agreement was affordable for her.

Before granting the finance, I think Oodle gathered a reasonable amount of evidence and information from Mrs S about her ability to repay. I say this because it used the information Mrs S provided, including about her employment annual income, to help reach its decision to lend. It also completed a credit check to understand how Mrs S had managed her existing and previous financial arrangements. This showed some defaults on credit from 2014 accounts that had been fully paid as well as some much older defaults that were at least ten years old. I've seen that Mrs S was in better control of her financial and debt commitments by the time she took out the agreement. The credit check also showed that in terms of Mrs S's other credit, she had three live credit cards and an ongoing secured loan agreement, plus several bank accounts. These showed no adverse information that might affect her credit history.

Overall, having reviewed the information and evidence Oodle gathered, I'm satisfied that the checks that were completed showed that the agreement was likely to be affordable to Mrs S. I say this taking into account the level of information Oodle obtained when carrying out its credit checks, including the credit report. I can't see whether Oodle asked Mrs S about her monthly spending aside from credit, although based on what I know I would have expected it to use statistical information to work this out, using her age and geographical location to do so.

For these reasons, I don't think Oodle acted unfairly when approving Mrs S's finance application. I think the checks showed the loan looked to be affordable and something that Mrs S would be likely to be able repay sustainably over the four-year term of the credit, given her income and existing level of credit commitments.

I know Mrs S is particularly concerned about the level of interest she was charged by Oodle. This is something that was set out in the credit agreement and which Mrs S had the opportunity to consider before signing to agree its terms. She was also given an explanation about how the agreement would work. This included an explanation about how interest would be calculated and applied to the agreement and that it was a fixed interest rate.

I've considered whether the relationship between Mrs S 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 Mrs S or otherwise treated her 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 Mrs S on this occasion.

### **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 Mrs S to accept or reject my decision before 6 June 2025.

Michael Goldberg

**Ombudsman**