

Complaint

Mr R complains that Stellantis Financial Services UK Limited (then trading as “PSA Finance” UK) unfairly entered into a conditional sale agreement with him. The finance was provided under PSA Finance’s Autobank trading name and so for the sake of consistency, I’ve referred to Autobank throughout the course of this decision.

Mr R has said that the repayments were unaffordable and so Autobank shouldn’t have entered into the agreement with him.

Background

In January 2019, Autobank provided Mr R with finance for a used car. The purchase price of the vehicle was £6,709.00. Mr R didn’t pay a deposit and entered into a 60-month conditional sale agreement with Autobank for the entire amount.

The loan had total charges of £1,994.00 and the total amount payable of £8,703.00 was due to be repaid in 58 monthly instalments of £145.05. As I understand it, after taking a couple of temporary payment breaks as a result of the pandemic, Mr R settled the finance in August 2024. In June 2024, Mr R complained that the agreement had been unaffordable for him.

Mr R’s complaint was considered by one of our investigators. He reached the conclusion that Autobank hadn’t done anything wrong or treated Mr R unfairly. So he didn’t recommend that Mr R’s complaint should be upheld. Mr R disagreed with our investigator and the complaint was passed to an ombudsman for a final decision.

My findings

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 R’s complaint.

Having carefully thought about everything I’ve been provided with, I’m not upholding Mr R’s complaint. I’d like to explain why in a little more detail.

Autobank needed to take reasonable steps to ensure that it didn’t lend irresponsibly. In practice, what this means is that Autobank needed to carry out proportionate checks to be able to understand whether any lending was sustainable for Mr R 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.

I kept this in mind when deciding Mr R's complaint.

Autobank says it agreed to this application after it completed an income and expenditure assessment on Mr R. During this assessment, Mr R provided details of his employment and his employer. Autobank says it also carried out credit searches on Mr R which showed up some existing credit but that this was being well maintained. Furthermore, Autobank says that Mr R would have had enough left over to meet his regular living costs once his payments to his creditors were deducted from his income.

On the other hand, Mr R says that he couldn't have afforded this agreement and shouldn't have been provided with it.

I've thought about what Mr R and Autobank have said.

The first thing for me to say is that having considered the information provided by both sides, while Mr R did have some existing credit commitments, he doesn't appear to have had any significant adverse information – such as defaults or county court judgments ("CCJ") recorded against him.

Be that as it may, I still think that in order for its checks to have been proportionate, Autobank would have needed to obtain an understanding of Mr R's actual living costs and his income (as well as what it appears to have known about his credit commitments), given the amount lent, the total cost of the agreement and the monthly payments. What I've seen doesn't suggest that Autobank did obtain this before lending. So I'm not prepared to accept that the checks carried out were reasonable and proportionate.

In order to try and get an understanding of what a proportionate check is likely to have shown Autobank, I've considered the information Mr R has provided. Having done so, it does appear to show that when Mr R's discernible committed regular living expenses and existing credit commitments were deducted from the amount he received each month, he did have the funds, at the time at least, to sustainably make the repayments due under this agreement.

I appreciate that Mr R says that his situation at the time was worse than what the information provided shows. He has said that he was using his overdraft and he's referred to his gambling.

The first thing to say is that Mr R has reached a conclusion on his ability to make his payments based on a forensic analysis of all of his expenditure. Having looked at the bank statements Mr R has provided, it's fair to say that the real reason he might have found it difficult to make his payments to this agreement isn't due to his existing credit commitments or his living expenses. And that this is readily apparent when the bank statements Mr R has provided are considered. It's also possible – but by no means certain – that Autobank might have taken a different decision had it seen these bank statements at the time.

But what I need to think about here is what did Autobank is likely to have known if it had carried out proportionate checks, not what it would have known if it had reviewed his bank statements. In other words, what was Mr R paying to his credit commitments and his regular living expenses – given this was a first agreement and Mr R was being provided with a car rather than cash.

Bearing in mind checking bank statements wasn't the only way for Autobank to have found out more about Mr R's actual living costs – it could have obtained copies of bills or other evidence of payment etc – I don't think that proportionate checks would have extended into obtaining the bank statements provided. For the sake of completeness, it's difficult for me to accept that Mr R would have proactively decided to disclose this information either.

So while I sympathise with the difficulty Mr R may have had, nonetheless I don't think that Autobank could reasonably be expected to have known about the nature and extent of Mr R's gambling at the time. Furthermore, as Mr R was being provided with an asset rather than cash, which he would not have been able to gamble, I also think that this limits the relevance of his gambling in this instance. I should also point out that while Mr R has referred to using his overdraft, there isn't a prohibition on providing credit to an individual that is using an arranged overdraft in the way that Mr R was.

Overall and having carefully considered everything, while I've not been persuaded that Autobank carried out proportionate checks before entering into this conditional sale agreement with Mr R, I'm nonetheless satisfied that carrying out reasonable and proportionate checks won't have stopped Autobank from providing these funds, or entering into this agreement with Mr R. So I'm satisfied that Autobank didn't act unfairly towards Mr R when it agreed to provide the funds.

In reaching my conclusions, I've also considered whether the lending relationship between Autobank and Mr R might have been unfair to Mr R under section 140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I don't think Autobank irresponsibly lent to Mr R or otherwise treated him unfairly in relation to this matter. And I haven't seen anything to suggest that section 140A CCA or anything else would, given the facts of this complaint, lead to a different outcome here. So I'm not upholding this complaint.

I appreciate that this will be very disappointing for Mr R. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

My final decision

My final decision is that I'm not upholding Mr R's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 29 July 2025.

Jeshen Narayanan
Ombudsman