

The complaint

Mr Z says Oodle Financial Services Limited trading as Oodle Car Finance ('Oodle'), irresponsibly lent to him. He says that it didn't take reasonable steps to ensure he could afford the repayments towards a hire purchase agreement to purchase a car. He says that he couldn't afford the repayments and he suffered loss or harm when making them.

Mr Z's complaint has been brought by a representative and I've referred to Mr Z and the representatives' comments as being from Mr Z for ease of reading.

What happened

This complaint is about a hire purchase agreement that Mr Z took out to purchase a car in June 2022. The vehicle had a retail price of £10,985. All of this was financed. This agreement was to be repaid through 60 monthly instalments; the first instalment was for £366.18 followed by 58 monthly repayments of £316.18 and then a final instalment of £366.18. Based on the statement of account an outstanding balance remains due. If Mr Z made repayments in line with the credit agreement, he would need to repay a total of £19,070.80.

Oodle says that Mr Z has repaid the agreement so far, and he has been late with one payment, that was subsequently paid.

Mr Z complained to Oodle saying that the finance was lent irresponsibly as he had to borrow to meet the repayments. And he already had problems making the repayments to another agreement he had. He says Oodle didn't make enough checks to find out about this.

Oodle considered this complaint, and it didn't uphold it. It said it'd done adequate checks, which showed that Mr Z could afford the lending. Mr Z didn't agree with this and brought his complaint to the Financial Ombudsman Service.

Our Investigator didn't uphold Mr Z's complaint. She didn't think that Oodle had made proportionate checks. But she thought if it had made better checks then it would've seen that Mr Z could reasonably afford the repayments to the loan.

Mr Z didn't agree with the Investigator. He said that his average income was lower than that used by the Investigator and his average committed expenditure was higher. And this made the finance unaffordable. Because Mr Z didn't agree, this matter has been passed to me to make 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.

When someone complains about irresponsible and/or unaffordable lending, there are two overarching questions I need to consider when deciding what's fair and reasonable in all of the circumstances of the complaint. These are:

1. Did Oodle complete reasonable and proportionate checks to satisfy itself that Mr Z would be able to repay the credit in a sustainable way?
 - a. if so, did Oodle make a fair lending decision?
 - b. if not, would reasonable and proportionate checks have shown that Mr Z could sustainably repay the borrowing?
2. Did Oodle act unfairly or unreasonably in some other way?

And, if I determine that Oodle didn't act fairly and reasonably when considering Mr Z's application, I'll also consider what I think is a fair way to put things right.

Did Oodle complete reasonable and proportionate checks to satisfy itself that Mr Z would be able to repay the credit in a sustainable way?

There's no set list for what reasonable and proportionate checks are, but I'd expect lenders to consider things such as the amount, duration, and payments of the finance being applied for, as well as the borrowers' personal circumstances at the time of each application.

Oodle says that it asked Mr Z what his income was, and he said that it was around £26,800 a year. It also found out that he was employed and had been in the same role for four years. He said he was a private tenant and had been at the same address for six years. Oodle hasn't said that it verified Mr Z's income.

Oodle also looked at Mr Z's credit reference agency data. This showed that he had six active credit accounts with no repayment problems. He had defaulted on two credit agreements in 2019.

Other than finding out some information about his existing credit, Oodle doesn't seem to have asked, or found out about, Mr Z's expenditures. It said that it used Office of National Statistics ('ONS') data to estimate his living expenses. Oodle hasn't provided the amounts that it used to estimate Mr Z's income. After doing these checks it thought that the monthly repayments would be affordable to him.

This was a long-term lending agreement and Mr Z would be repaying a reasonable amount each month for five years. So even if I accept that Oodle found out some details about Mr Z's income and credit history, I think it should also have verified his income and considered what his expenditure was to ensure he could sustainably repay the loan. It doesn't seem to have done this at all, other than looking at what was on his credit file.

So, I'm not persuaded that the checks Oodle did were reasonable and proportionate. I think Oodle could have checked in more detail that this further lending wasn't likely to cause him a problem going forward.

Would reasonable and proportionate checks have shown that Mr Z would be able to repay the credit in a sustainable way?

I've gone on to consider what Oodle would likely have found had reasonable and proportionate checks been carried out.

Mr Z has provided an up-to-date copy of his credit report. This shows historic data, but it doesn't show that Mr Z's situation was materially different from what Oodle already knew. He did have some historic repayment problems, but these were a relatively long time ago. I wouldn't have expected Oodle to have declined the application because of these. And there is nothing else on the report that makes me think Oodle should have been concerned about his financial situation. There was no deterioration in his more recent credit report information.

Mr Z has also provided some information from his bank in the form of an open banking report which is for the months running up to the start of the finance. While I wouldn't have expected Oodle to have asked for information with this much detail, and the information in it is not complete, I'm satisfied it gives a good indication of what Oodle would likely have taken into consideration had it asked Mr Z to verify, or provide more information about, his income and committed expenditure during that specific period.

Our Investigator said that this showed that Mr Z's income was around £3,000 each month which is what is shown on the report. And his committed, that is non-discretionary expenditure, was around £2,000 a month and she concluded the loan was likely affordable for him due to this.

Mr Z, via his representative, has said that his income was much lower than this at around £2,200 a month but it's not clear how it arrived at this amount. And he says that his expenditure was higher than his income at times. Mr Z's representative has provided information that shows his rent was £840 a month, he had credit repayments of £212, his council tax was £125, and his other direct debits were £250 a month. This is just over £1,400 a month. Which leaves around £800 a month using the income Mr Z says it was.

Mr Z's calculation included an amount for 'other' expenses on top of this which looks to be things like some food and entertainment, and so on. But I don't think it's right to include all of this as it was discretionary expenditure, or areas where Mr Z could alter his budget, in the main.

I think it's reasonable to say that both sets of calculations show that Mr Z was likely to have enough discretionary income to repay the lending.

I think the most important factors here are that, even though the information I have is not complete, it is established that Mr Z was employed and in a stable situation. He was managing his finances at the time of lending and seemed to be earning enough to be able to budget for the finance repayments. There isn't any significant evidence before the lending of a high degree of gambling, or borrowing from friends and family, to make ends meet. As Mr Z said there was.

So, and while I appreciate this will come as a disappointment to Mr Z, I'm satisfied that, had Oodle carried out reasonable and proportionate checks, I think that it's likely that would have found the finance to be sustainably affordable.

Did Oodle act unfairly or unreasonably in some other way?

I have considered whether the relationship 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 it lent irresponsibly to Mr Z 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.

I haven't seen anything to make me think Oodle acted unfairly or unreasonably in some other way.

My final decision

For the reasons set out above, I don't uphold Mr Z's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Z to accept or reject my decision before 2 October 2025.

Andy Burlinson
Ombudsman