

The complaint

Mr S, who is represented by a third party, complains that Startline Motor Finance Limited (“Startline”) irresponsibly agreed to give him motor finance he says he couldn’t afford to repay.

What happened

In May 2021, Mr S acquired a used car financed by a hire purchase agreement from Startline. Mr S was borrowing £17,488 and paying a deposit of £429. Under the terms of the agreement, Mr S was required to make 47 monthly repayments of £330.38. The total repayable under the agreement was £24,840.83, including an optional final payment of £6,523.97 if Mr S wanted to keep the car at the end of the repayment period. The account remains active with payments outstanding from April this year.

Mr S says that Startline didn’t complete adequate affordability checks. He says if it had, it would have seen the agreement wasn’t affordable.

Startline didn’t agree. It said that it carried out an appropriate assessment of Mr S’s creditworthiness in order to establish the credit was affordable and something that Mr S could repay on a sustainable basis.

Our investigator looked into the complaint and didn’t recommend the complaint be upheld. She thought Startline could have done some more to check Mr S’s income and to find out more about his committed spending each month. But ultimately, she thought it hadn’t acted unfairly or unreasonably by approving the finance agreement.

As Mr S and those representing him didn’t agree, the 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 Mr S’s complaint.

Before granting the finance, Startline gathered evidence and information from Mr S about his ability to repay. From the finance application form, it saw that Mr S was in full time employment in a supervisory role in a job he’d been employed in for well over six years. He also said that he was living at home with his parents. Startline also took steps to verify his income by requesting a copy payslip. It then went on to run credit and affordability checks.

Mr S recently told us that he’d told the car dealership that his job was going to end soon. That may have been the case but unfortunately it isn’t reflected in his application details so it isn’t something I could have expected Startline to consider when deciding whether to approve the finance.

The credit check didn't show any recent adverse markings on Mr S's credit file, such as regularly missing payments or having an account go into default. He was up to date with his credit payments. He had credit cards with a combined total credit limit of around £3,100. He also had a loan he was paying off at a rate of £30 a month which still had £765 left on it.

I can't see from the checks what else Startline did to be sure that Mr S could afford the agreement. Also, whilst he was living at home, I don't think it could be assumed that he wasn't making some level of contribution towards household costs. Without knowing more about what his spending commitments were, in my view Startline wouldn't have got a detailed enough understanding of whether the agreement was likely to be affordable or not. I also have concerns, like our investigator, that Startline relied on a payslip for just one week of pay to help to verify his annual income. I say this especially given that Mr S was taking on a five-year commitment with payments that were taking up a significant chunk of his earned monthly income. It therefore didn't complete proportionate checks.

One of the ways that Startline could find out more about Mr S's typical monthly spending is by reviewing bank statements. In the absence of anything else, and given that have been provided by those representing Mr S, I've looked at four months of statements leading up to Mr S's application in May 2021. These give a fair indication of what Startline would likely have found out had it completed proportionate checks.

Looking at the income Mr S was receiving from his job, I can see he received on average just over £2,000 a month over those four months. Mr S was also apparently a student. I've noted references to student loan and bursary payments being made to him as well as payments from his local council that might be connected with that.

Turning to the things Mr S was required to spend his income on, I'm broadly in agreement with what our investigator found. Mr S was having to spend around £120 in credit card and loan payments each month. He was also paying £200 for food £200 in car insurance and £21 a month to the DVLA. I've also noted payments for petrol. So, I think it's reasonable to say that all works out to around £600 each month by way of committed spending. I also see that Mr S was making regular cash withdrawals. Some of those withdrawals may have represented contributions towards household costs. But even allowing for payments of say another £100-200 each month would mean he was using around £800 of his salary, leaving a sizeable amount of disposable income with which to pay the new agreement. Even allowing for the levels of monthly income being variable, had Startline carried out better checks I still think it's likely that the information available to it would have shown the finance to be affordable.

It follows that I don't think Startline made an unfair lending decision. I do think it ought to have carried out better and more proportionate checks at the time to verify Mr S's income and find out more about his monthly expenditure, but I think the agreement remained affordable to him. I therefore don't think Startline acted unfairly when approving the finance application.

Mr S has said that that he expected Startline to provide him with more support when he had difficulties repaying the agreement and fell behind with his payments. I've seen some of the contact notes where, in 2023 Mr S wanted details of his payment history and in 2024 where he asked about when the finance ends. I'm not suggesting that Mr S didn't tell Startline he was having difficulties meeting the repayments, but I can't see evidence to support those discussions. Mr S says Startline mentioned taking the car back, which is certainly what would happen if he chose to voluntarily end the agreement, which was an option available under the terms of the agreement.

More recently, I've seen that Mr S has said he can't make the final 'balloon' payment of

£6,533.97. It seems that the agreement has now been terminated and that Startline has started its recovery process. Although in this decision I am primarily focusing on Startline's decision to lend to Mr S, I would nevertheless expect Startline to follow its procedures and explore what options are available to help Mr S pay back any outstanding sums and to apply fair and reasonable forbearance.

Finally, I've seen that Mr S has concerns about the sales process at the dealership where he first got the car. That's something outside the scope of this decision but which Mr S may wish to take up directly with the dealership who are likely to have a complaints process.

I've also considered whether the relationship between Mr S and Startline 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 Startline lent irresponsibly to Mr S or otherwise treated him unfairly. And 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 given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 27 August 2025.

Michael Goldberg
Ombudsman