

## **Complaint**

Miss S complains that Go Car Credit Limited ("Go Car Credit") unfairly entered into a hire-purchase agreement with her. She's said the monthly payments to the agreement were unaffordable and so she shouldn't have been accepted for it.

## **Background**

In June 2022, Go Car Credit provided Miss S with finance for a used car. The cash price of the vehicle was £14,185.00. Miss S received a part exchange of £7,000.00 for her existing car and applied for finance to cover the remaining £7,185.00 she required.

Go Car Credit accepted her application and entered into a hire purchase agreement with her. The hire purchase agreement had a term of 48 months, interest, fees and total charges of £5,747.84 and the balance to be repaid of £13,237.84 (which does not include Miss S' deposit) was due to be repaid in 48 monthly instalments of £275.58.

Miss S' complaint was considered by one of our investigators. She didn't think that Go Car Credit had done anything wrong or treated Miss S unfairly. So she didn't recommend that Miss S' complaint should be upheld.

Miss S 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 Miss S' complaint.

Having carefully thought about everything I've been provided with, I'm not upholding Miss S' complaint. I'd like to explain why in a little more detail.

Go Car Credit needed to make sure that it didn't lend irresponsibly. In practice, what this means is that Go Car Credit needed to carry out proportionate checks to be able to understand whether Miss S could make her payments in a sustainable manner before agreeing to lend to her. And if the checks Go Car Credit carried out weren't sufficient, I then need to consider what reasonable and proportionate checks are likely to have shown.

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.

Go Car Credit says it agreed to this application after it completed an income and expenditure assessment on Miss S. During this assessment, Miss S provided details of her income and employment details. Go Car Credit verified Miss S' declaration of income with payslips.

It says it also carried out credit searches on Miss S which showed that she did have active commitments, which it says were being well maintained. However, it was also aware that Miss S had previously defaulted on credit agreements although as the most recent time this had happened was around two years prior to this application, it considered this to be historic.

As I understand it, Go Car Credit argues that when the amount Miss S already owed plus a reasonable amount for Miss S' living expenses, based on statistical data, were deducted from her monthly income the monthly payments were still affordable. On the other hand, Miss S says that these payments were unaffordable.

I've thought about what Miss S and Go Car Credit have said.

The first thing for me to say is that Go Car Credit didn't simply accept Miss S' declarations at face value as it carried out credit checks. That said, in my view, the presence of defaulted accounts coupled with the amount advanced means that Go Car Credit ought to have had a reasonable understanding of Miss S' actual living costs. However, I can't see that Miss S was required to evidence her declarations. So I don't think that Go Car Credit checks before lending to Miss S were sufficient.

In any event, I think that it's unlikely Go Car Credit carrying out further checks is would have made a difference here. I say this because having looked at the information Miss S has provided it appears to show that when her committed regular living expenses and existing credit commitments were deducted from the amount of her anticipated monthly income, she did have the funds, at the time at least, to sustainably make the repayments due under this agreement.

I'm therefore satisfied that the available information makes it appear, at least, as though proportionate checks would have shown that Miss S could make the monthly payments to this agreement in a sustainable manner. And in my view, it is unlikely – and less likely than not – that Go Car Credit would have declined to lend if it had it took further steps to find out more about Miss S' actual living expenses.

For the sake of completeness, while I accept that this isn't in itself determinative, I understand that Miss S not only made her payments when they fell due for the period the agreement was active, she cleared the finance in full two and a half years into a four-year term. In my view, Miss S's repayment record and actions do not support that this agreement was affordable for her.

Overall and having carefully considered everything, I accept that there may be an argument for saying that Go Car Credit's checks before entering into this hire-purchase agreement with Miss S did not go far enough. However, I've not been persuaded that Go Car Credit doing more would have prevented it from providing these funds, or entering into this agreement with Miss S.

In reaching these conclusions I've also considered whether the lending relationship between Go Car Credit and Miss S might have been unfair to Miss S under section 140A of the Consumer Credit Act 1974.

However, for the reasons I've explained, I don't think Go Car Credit irresponsibly lent to Miss S or otherwise treated her 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 Miss S. But I hope she'll understand the reasons for my decision and that she'll at least feel her concerns have been listened to.

### **My final decision**

My final decision is that I'm not upholding Miss S' complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 29 September 2025.

Jeshen Narayanan  
**Ombudsman**