

The complaint

Mr R complains Oodle Financial Services Limited trading as Oodle Car Finance (Oodle) provided him with an unaffordable hire purchase agreement.

Mr R's complaint has been brought by a professional representative, however for ease I've referred to all submissions as though they are his own.

What happened

Oodle provided Mr R with a hire purchase agreement in January 2020. The capital amount lent was around £12,000 with a total repayable value, including interest and fees, of around £18,100. The agreement was repayable over 60 months with 58 monthly payments of around £300, and a first and final payment of around £350.

Mr R complained to Oodle in September 2024 saying had it completed proportionate checks it would have identified this agreement was unaffordable for him.

Oodle issued its final response in September 2024 in which it didn't uphold Mr R's complaint. It said it considered it completed proportionate checks and went on to make a fair lending decision when approving Mr R with this agreement, based on the information it obtained from those checks.

Unhappy with Oodle's response Mr R referred his complaint to our service for review.

Our investigator considered the details and didn't uphold the complaint. He said he didn't consider Oodle had completed proportionate checks to reasonably understand Mr R's financial position, and therefore whether he could sustainably afford this credit agreement. So, he reviewed evidence provided by Mr R to review what Oodle would likely have seen had it completed better checks. Based on the evidence he reviewed, he considered Oodle would still have reasonably provided Mr R with this agreement. So, he conclude Oodle had made a fair lending decision when providing this hire purchase agreement.

Oodle didn't respond to our investigator's view. Mr R responded and maintained his position that had Oodle completed proportionate checks it should have identified this agreement was unaffordable for him.

Mr R asked for an ombudsman's review, so the complaint has been passed to me to decide.

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 set out our approach to complaints about irresponsible and unaffordable lending as well as the key rules, regulations and what we consider to be good industry practice on our website. Both Mr R and Oodle have been made aware of this approach in our investigator's view.

At the time Oodle arranged this hire purchase agreement for Mr R it was required to carry out proportionate checks. These checks required it to assess Mr R's ability to afford the agreement being arranged and repay it sustainably, without causing him financial difficulties or financial harm.

There isn't a set list of checks a lender needs to carry out, but they should be proportionate, taking into account things like the type, amount, duration and total cost of the credit, as well as the borrower's individual circumstances. And it isn't sufficient for Oodle to just complete proportionate checks – it must also consider the information it obtained from these checks to go on and make a fair lending decision when arranging this agreement.

I've followed this approach when considering Mr R's complaint.

Oodle has said it obtained Mr R's declared income and used Office of National Statistics (ONS) data to reasonably calculate Mr R's monthly non-discretionary expenditure. It also completed a credit check to identify Mr R's active and recently settled credit accounts, as well as his management of credit.

Oodle says it completed proportionate checks before going on to make a fair lending decision when providing Mr R with this hire purchase agreement.

I've carefully considered Oodle's arguments; and having done so I'm not persuaded that it did complete proportionate checks before providing this lending. However, for the same reasons as our investigator, I consider more detailed checks would, on balance, more likely than not have led to it still reasonably providing Mr R with this agreement.

Mr R declared he was employed with an annual income of around £40,300. Oodle hasn't provided us with the calculations of its affordability assessment. But it has said taking into account Mr R's commitment to existing credit, the estimated running costs of the vehicle, and his cost of living expenses based on ONS data, it was satisfied Mr R had a reasonable level of disposable income to afford repayments to this agreement of around £300.

I've seen and reviewed the credit report Oodle obtained. Mr R's existing level of debt is relatively modest compared to his income, and there's no recent defaults, CCJs or insolvency details reported. However, the report does show recent arrears on two separate active accounts.

As this agreement was tying Mr R into a sizeable repayment term, with a relatively sizeable total repayment value, I think Oodle needed to be satisfied Mr R could sustainably afford the repayments across the full term. Given Oodle hasn't provided us with the data behind its affordability calculations, and the data I have seen shows Mr R appears to be displaying possible signs of financial stress, I can't conclude Oodle's checks were proportionate.

I consider proportionate checks in this instance ought to have led to Oodle verifying Mr R's actual income and expenditure, in order for it to obtain a thorough understanding of his financial circumstances, to ensure this agreement was sustainably affordable for him across the full term.

Oodle could have verified this information in whichever way it saw fit, given the rules and regulations aren't prescriptive. Our service's general approach is to ask a customer for their bank statements for their primary account, covering the three months prior to any lending decision. We find this usually allows us to verify an individual's income, non-discretionary expenditure and existing credit commitments; and therefore, reasonably conclude whether the financial situation suggests they can sustainably afford the new lending being provided.

As part of his complaint Mr R provided Oodle and our service with a transaction list of his bank account which covers the three months leading up to Oodle's lending decision. In the absence of any contradictory information, I consider this information allows me to reasonably understand what Oodle would more likely than not have identified through better checks.

The information shows Mr R's average income across the three months totals around £2,550. Mr R's regular non-discretionary expenditure is evidenced with payments towards items such as housing costs, utilities, insurances, subscriptions and food. On average these total around £1,250 per month.

I've also seen Mr R's repayments to existing credit commitments which average around £700 per month.

Taking into account the monthly repayments to this agreement of around £300, Mr R would be left with around £300 disposable income each month for other living costs he may incur.

I acknowledge Mr R was already making sizeable repayments to credit each month, relative to his monthly income; and that this new agreement would further increase that. However, the type of restricted credit agreement Oodle was providing was giving Mr R access to a vehicle, rather than providing him with access to funds that he could use for any means. And Mr R has confirmed that his existing hire purchase agreement was settled once this agreement was provided.

I've also seen Mr R was making a number of payments in each of the months to third party debt collectors. I don't consider this is surprising, given that Mr R's credit file shows a number of credit accounts that had historically defaulted or been passed to debt collectors. And as I've set out above, these appear to be largely historic, and I don't think Mr R making payments to these companies on its own suggests current financial problems.

Based on my findings above I consider had Oodle completed proportionate checks it would more likely than not have reasonably concluded this agreement was sustainably affordable for Mr R.

So, it follows I consider Oodle made a fair lending decision when providing Mr R with this hire purchase agreement; and as such it doesn't need to take any further action in resolution of this complaint.

My final decision

My final decision is that I don't uphold Mr R's complaint about Oodle Financial Services Limited trading as Oodle Car Finance.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 18 July 2025.

Richard Turner
Ombudsman