

The complaint

Mr R, through his representative, complains that Oodle Financial Services Limited (“Oodle”) lent to him by approving a car finance agreement he could not afford.

What happened

Mr R took a hire purchase agreement from Oodle on 13 February 2020. The capital sum was for £11,688 and the settlement/part exchange of the previous vehicle led to a deposit being paid. The total charge for credit was £17,339.80 with most of the repayments (58) being £287.33 each month. The first and the last repayments were due to be £337.33. For ease of reading, I will round the figures up or down in the decision itself.

The agreement appears to have ended in 2023 after Mr R got into arrears.

After Mr R had complained and received the final response from Oodle in November 2024, his complaint was referred to the Financial Ombudsman. Oodle had said that in October 2024 Mr R owed just over £4,759 and up to that point had never missed a payment. One of our investigators explained why they considered that Oodle ought to have carried out further checks before lending and having reviewed the financial details from Mr R he was not going to ask Oodle to do anything further. The unresolved complaint was passed to me to decide as Mr R disagreed with our investigator.

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 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.

Oodle needed to make sure that it didn’t lend irresponsibly. In practice, what this means is that it 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.

Mr R informed Oodle at the time of the application that he was earning £30,000 a year as a full-time employee, was single and he was living at home with his parents and had been for seven years.

Oodle said in its final response to Mr R’s representative that: *‘An affordability assessment was undertaken considering the declared annual gross income of £30,000.00, residential status, financial commitments obtained from your clients credit file, estimated car running cost and the cost-of-living expenses extracted from the Office of National Statistics data.’*

The fact that Oodle has not been able to demonstrate that it checked Mr R's income does lead me to think that for an agreement due to last several years it ought to have done that. So, this element could have been cured easily with either a request for a payslip or another way could have been to view the credits into his bank account statements. So, I have used the information Mr R's representative has sent to me to see what Oodle would have seen purely in relation to his income. The monthly income (after tax) figures were: November 2019, £1,721, December 2019 £1,779 and January 2020 £1,577. The average is £1,692.

Mr R's representative has sent to us analysis of his bank transactions and has said that his average income (after tax) each month for the period leading up to the finance agreement was £1,692. Our investigator used the same details and reached the same figure. So, I am satisfied that had Oodle verified Mr R's income it would have reached that same figure.

As for Mr R's credit situation, Oodle carried out a credit search, a copy of which has been sent to me and I have reviewed it. Mr R had five records of which three were 'live' and a total debt value of £16,806. Mr R had a current account, a credit card with a £400 limit and the balance was £147. Mr R's main commitment was for a hire purchase with a different provider, the balance on which was £16,659 and was costing £308 a month. That ceased when Mr R took the Oodle car finance and I know this as the current agreement was refinanced and/or went towards the deposit on the Oodle financed car, and Mr R's personal credit report shows this finance agreement ended when the Oodle one commenced.

Of the accounts going he had no repayment issues, there was no record of any insolvencies or defaults. In his history he had commenced a secured loan in 2006 which settled in 2017.

Mr R had already been running a car. And already had a car finance agreement with a different provider as I said earlier in this decision. So, the new agreement and the car running costs would not have made much of a difference to Mr R. In fact this Oodle car finance was cheaper at £287 a month rather than the previous £309. So, I am not persuaded that this car finance was additional cost to Mr R: more like much the same going forward.

Considering all that I have seen, including the fact that Mr R had been living at home with his parents, then for Oodle to use and rely on ONS data for his general living expenditure would not have been contrary to the regulatory requirements. And as his credit search did not reveal any concerns and very little debt over and above the then existing finance agreement, then this further persuades me that ONS use was a proportionate approach.

The figures Oodle may have used for that ONS living expenses data likely would have been more than the reality for Mr R as it's not likely that Mr R was paying full market rent plus bills to live at home. And further, I do not consider that Mr R would have been exposed to the risk of non-payment of priority bills and/or rent arrears likely to lead to eviction. It's feasible but I consider it unlikely. So, I think that its logical and persuasive that Mr R's income would have covered the cost of his new car finance (a little cheaper than the earlier car) and his other costs for normal living easily.

Mr R's representative has calculated that Mr R's average outgoings each month at the time were £1,797 and therefore he was not able to afford the car. And its representative has said that there would have been car running costs in addition for Mr R to pay for – such as MOT, insurance, servicing and fuel.

I've already commented on the fact that the price to change of the old car finance agreement and this one was a little less and so that, plus the running costs Mr R had been used to paying for his old car, would have simply carried forward to the new car.

And as for the other outgoings which have been explained to me as transfers and cash to Mr R's ex-partner I'm not satisfied that Oodle would have known of these, or ought reasonably to have been expected to have been aware of them, unless Mr R had informed them of this. He had told them in his application form he was single and living at home with his parents. And there were no references in the extensive account notes from Oodle which

indicate that when he was signing up for the agreement he had informed Oodle of these additional expenses.

In all the circumstances, I consider that Mr R's claim of unaffordability fails and I do not uphold the complaint.

Forbearance issues

Unfortunately, Mr R suffered salary cuts and periods of unemployment during Covid 19 and so got into arrears. The account notes from Oodle show me that it gave him more than one payment holiday and/or agreed to arrangements to pay for most of the lending relationship until a default notice was issued on 6 June 2022. So Oodle sought to terminate the agreement and repossess the vehicle, but did not at that stage. Further arrangements to pay were made in late 2022. The agreement was terminated 28 November 2022. In November 2023 the repossession plan was confirmed and that took place 6 January 2024.

The vehicle was sold at auction 13 February 2024 for £3,700. A termination shortfall letter was sent but I have not seen a copy of that. Mr R complained through his representative in November 2024.

Having seen the extended periods when Oodle sought to keep Mr R and his car together and sought to make arrangements for him to pay then I consider that it did treat him fairly.

I've also considered whether Oodle acted unfairly or unreasonably in any other way and 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 R 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 do not uphold the complaint.

My final decision

I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 1 September 2025.

Rachael Williams
Ombudsman