

## **The complaint**

Miss K, through a representative, complains that STARTLINE MOTOR FINANCE LIMITED ("Startline") lent to her irresponsibly in October 2020 when she bought a car using its finance.

## **What happened**

Miss K passed her driving test in October 2020 and a few days later agreed to buy a car using Startline finance. The cost was £8,995 for the car and she paid a £100 deposit. The total to pay was £14,333.60. Her monthly repayments were just over £237 for 59 months followed by one month at the end of £247. Miss K paid regularly without incident and in November 2022 paid it off early with a £6,599 payment which led to her having received a rebate of £1,945 on the agreement.

After Miss K had complained, Startline responded and did not uphold her complaint so it was referred to the Financial Ombudsman Service. One of our investigators did not uphold the complaint and as Miss K disagreed it was 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.

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 K's complaint. Having carefully thought about everything I've been provided with I'm not upholding her complaint.

Startline needed to make sure that it didn't lend irresponsibly. In practice, what this means is that Startline needed to carry out proportionate checks to be able to understand whether any lending was sustainable for Miss K 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.

Startline has explained what it did to verify Miss K's income when she applied – it obtained a copy payslip which I have seen. That showed that after tax Miss K took home just over £1,403 each month. On her application form she had said she had been employed at the same place for almost 8 years.

Miss K had informed Startline that she lived at home with her parents. From that it was fair and reasonable for Startline to appreciate that she would not have been exposed to the usual priority bills most people who rent or have a mortgage are exposed to. Although

Miss K has confirmed that she had been living at home and has said now that she paid £250 each month to her parents, that is not shown on the information she told Startline and it's not something it would have known.

Startline also carried out a credit search. Miss K had relatively little outstanding debt. She had current accounts with no overdraft, she had a credit card with a credit limit of just under £900 of which she had used around £593. Using a minimum repayment amount of 5% that would have translated to around £30 a month. She had several telecoms contracts which together were costing Miss K £85 each month. There were no adverse payment markers for those.

Startline has accepted that it knew Miss K had a County Court Judgment (CCJ) from 2015 but as that was over five years before the application date, then it explained that as a sub-prime lender, some adverse credit data was not a reason for it to refuse finance. And as it was several years before Miss K applied in October 2020 I'd agree.

Miss K had three defaulted accounts. One dated from November 2016 (this had not been paid off and there was a modest outstanding sum of around £150), and she had a payday loan which had defaulted in March 2016 – it had been repaid. And Miss K had a credit card account which had defaulted in February 2019 and had been repaid. But I'd say that even the most recent one was 20 months before Miss K applied to Startline. And so, I'd not consider that anything further needed to be done.

Miss K's representative has referred to her own, more recent and personal credit file report. It is well known that credit searches carried out by businesses can lead to different information being revealed to those shown on personal credit reports. The one Startline carried out before lending is the relevant one for my purposes when being asked to consider a complaint about the lending decision made in October 2020.

Miss K has said that she was '*desperate*' for the car. And upon first reading this I thought that there may have been a financial need for the card – for instance, that there was a work related need for it. However, upon gathering further detail, I read this as being excited as she'd just passed her test a few days before on 12 October 2020. A copy of her test certificate has been sent to us as part of the Startline documents it possessed.

Miss K has said now that she did not fill in any of the documents and thought that was strange. But I have seen copies Startline had been given of Miss K's payslip, a bank account document to prove her account details, her test certificate and a copy of her passport. And so that indicates to me that either she came back to the sale place with those documents for the finance approval procedures to go ahead, or Miss K already had those documents with her so that the finance assessment could proceed. So, I am not persuaded by the suggestion that Miss K was somehow unaware or rushed through the procedures. Added to which Miss K signed the finance agreement and dated it in two places and completed a Direct Debit form.

I consider that Startline carried out proportionate checks and made a fair lending decision based on the information it obtained. I do not uphold the complaint.

I've also considered whether Startline acted unfairly or unreasonably in any other way and I have considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974.

However, for the reasons I've already given, I don't think it lent irresponsibly to Miss K or otherwise treated her 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.

### **My final decision**

My final decision is that I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss K to accept or reject my decision before 7 July 2025.

Rachael Williams  
**Ombudsman**