

The complaint

Ms D, who is represented by a third party, complains that Black Horse Limited ('Black Horse') irresponsibly granted her a hire purchase agreement she couldn't afford to repay.

What happened

In February 2021, Ms D acquired a used car financed by a hire purchase agreement from Black Horse. The value of the car was £13,799 and Ms D was required to make 49 monthly repayments of £235.54. She paid a deposit of £1,200. The total repayable under the agreement was £19,133.48.

Ms D ended the agreement early in June 2021 when she paid it off.

Ms D says that Black Horse didn't complete adequate affordability checks. She says if it had, it would have seen the agreement wasn't affordable. Black Horse didn't agree. It said that it carried out a thorough assessment which included obtaining details about Ms D's income, housing costs and level of debt owed elsewhere.

Our investigator didn't recommend the complaint be upheld. He thought Black Horse didn't act unfairly or unreasonably by approving the finance agreement.

Ms D and those representing her didn't agree and responded with a number of representations as to why they thought lending wasn't affordable. Another investigator provided a further view on the complaint explaining that, having reviewed the bank statements from before the time of the lending, Ms D had sufficient disposable income available once she had paid for her committed household and daily costs.

As Ms D and those representing her still disagreed, 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 Ms D's complaint.

From what I've seen, Ms D provided details of her annual earnings as being £16,000 at the point of application for the agreement. That meant she was receiving a net income of around £1,200 per month.

The credit check carried out by Black Horse showed she had overall credit debt of around £450, which is modest in relation to her level of income. There were no indications of recent issues with her credit history.

Black Horse also chose to rely on statistical data to gain an indication of Ms D's key monthly expenditure. That suggested that after she paid towards her credit and living costs each month, she'd have around £750 left by way of disposable income.

I realise that this was a financial commitment that Ms D would need to continue paying for four years. But I think, given what could be seen about her financial circumstances, there wasn't anything to suggest she might be experiencing financial difficulty – or at risk of it. So I think here Black Horse carried out proportionate checks. And from what those checks showed, I agree the new agreement looked to be affordable and something she'd be able to repay on a sustainable basis.

Nonetheless, I see one of our investigators looked at Ms D's current account statements from the period before the agreement, in order to address the comments made by those representing her following the initial view letter. Having considered all this – and looked at the statements myself – I've not seen enough to show or suggest that by taking on the new agreement Ms D might have been over-extending her borrowing capability and putting her financial circumstances at risk.

And I do accept it's possible that Ms D's actual circumstances might not have been fully reflected either in the information she provided, or the information Black Horse obtained. As an example, Ms D was in receipt of several state benefits which meant she was receiving a total household income that was substantially more than what she'd told Black Horse.

All of this means is that I've seen enough to satisfy me that, notwithstanding that her disposable income each month may have been variable and at a lower figure than that suggest by Black Horse's checks, Ms D still had sufficient funds available each month to be able to sustainably repay the new loan.

For these reasons I'm not persuaded that Black Horse acted unfairly in approving the finance.

I've considered whether the relationship between Ms D and Black Horse 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 Black Horse lent irresponsibly to her or otherwise treated her unfairly. 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 Ms D to accept or reject my decision before 21 November 2025.

Michael Goldberg
Ombudsman