

Complaint

Mr C complains that Oodle Financial Services Limited (trading as “Oodle” Car Finance) unfairly entered into a hire-purchase agreement with him.

He’s said that the monthly payments to this agreement were unaffordable and so he shouldn’t have been accepted for it.

Background

In June 2019, Oodle provided Mr C with finance for a used car. The total cash price was £10,700.00. Mr C didn’t pay a deposit and entered into a hire-purchase agreement with Oodle for the entire amount of the purchase.

The loan had total interest, fees and charges of £3,443.60 (made up of interest of £3,343.60, a document fee of £50 and an option to purchase fee of £50) and a 60-month term. This meant that the total amount to be repaid of £14,143.60 was due to be repaid in a first monthly payment of £284.06, followed by 58 monthly instalments of £234.06 and then a final monthly payment of £284.06.

Mr C’s complaint was considered by one of our investigators. She didn’t think that Oodle had done anything wrong or treated Mr C unfairly. So she didn’t recommend that Mr C’s complaint should be upheld.

Mr C 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 Mr C’s complaint.

Having carefully considered everything, I’m not upholding Mr C’s complaint. I’ll explain why in a little more detail.

Oodle needed to make sure that it didn’t lend irresponsibly. In practice, what this means is that Oodle needed to carry out proportionate checks to be able to understand whether any lending was sustainable for Mr C 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.

Oodle says it agreed to this application after Mr C provided details of his employer as well as his annual income. It says it also carried out credit searches on Mr C which showed that he didn't have any significant adverse information – such as defaulted accounts or county court judgments ("CCJ") recorded against him. Furthermore, he had a low amount of active debt outstanding. And when reasonable repayments to the amounts owing, plus a reasonable amount for Mr C's living expenses were deducted from his monthly income obtained the monthly payments were still affordable.

On the other hand, Mr C says the monthly payments were unaffordable.

I've thought about what Mr C and Oodle have said.

The first thing for me to say is that Oodle didn't simply accept Mr C's declarations at face value as it carried out credit checks. And given what Oodle saw on the credit check suggests that Mr C was managing his existing credit reasonably well and the relatively low monthly payment, it's arguable that it was reasonable for Oodle to rely on an estimate of Mr C's living costs, rather than finding out more about what they actually were. This is because there was nothing obvious which suggested that Mr C fell outside the profile of the average borrower.

Furthermore, and in any event, I think that it's unlikely Oodle carrying out further checks is would have made a difference here. I say this because the information Mr C has provided does appear to show that when his committed regular living expenses and existing credit commitments were deducted from the amount of his anticipated monthly income, he did have the funds, at the time at least, to sustainably make the repayments due under this agreement.

I know Mr C has conducted his own income and expenditure using three months' worth of bank statements and this shows that the monthly payments were unaffordable as he wasn't receiving a salary for two of these months (March 2019 and April 2019). However, there is no requirement for a lender to carry out an income and expenditure assessment using three months' worth of data prior to lending.

In any event, and more importantly, Mr C had found employment and was working at the time he entered into this agreement. It would be bizarre and illogical for Oodle to have refused Mr C's application on the basis that he didn't receive an income prior to applying, when he was employed and had an income at the time of the application and the expectation was he would continue to do so for the duration of the agreement.

As this is the case, I've not been persuaded by Mr C's arguments on this matter, or that Mr C not being paid by his new employer until May 2019 means that it was unfair for Oodle to have entered into this hire-purchase agreement with him.

Overall and having carefully considered everything, while there is a strong argument for saying that Oodle's checks before entering into this hire purchase agreement did go far enough, I'm, in any event, satisfied that it carrying out further checks won't have stopped it from providing these funds, or entering into this agreement with Mr C.

I've also thought about what whether Mr C has said about not being treated fairly when he lost his job. I'm sorry to hear that Mr C lost his job and that he had difficulty making his

payments as a result. Having reviewed Oodle's records of contact with Mr C, I can see that Mr C did get in contact when he fell into arrears in late 2019.

At this point, Oodle contacted Mr C and let him know about all of the options he had to exit his agreement and set out the respective cost of each option – including highlighting which would cost him less. It also offered to set up payment plans with Mr C in order to try and clear the arrears on the account and keep him in the car.

I'm therefore satisfied that Oodle did take action and offered some help and support when Mr C ran into difficulty making his payments.

In reaching my conclusions, I've also considered whether the lending relationship between Oodle and Mr C might have been unfair to Mr C under section 140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I don't think Oodle irresponsibly lent to Mr C or otherwise treated him 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.

I appreciate that this will be disappointing for Mr C. But I hope he'll understand the reasons for my decision and at least consider that his concerns have been listened to.

My final decision

My final decision is that I'm not upholding Mr C's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 14 July 2025.

Jeshen Narayanan
Ombudsman