

The complaint

Mr E complains Oodle Financial Services Limited trading as Oodle Car Finance (Oodle) irresponsibly entered into a car finance agreement with him because it didn't carry out reasonable and proportionate checks to ensure he could afford the repayments.

What happened

Mr E took out a hire purchase agreement with Oodle on 10 August 2021 in order to acquire a used car. The cash price of the car was £6,000 and no deposit was paid. The total amount repayable under the agreement was £8,350. Mr E was to pay a first instalment of £187.50, 58 monthly instalments of £137.50 and a final instalment of £187.50.

Mr E is represented in his complaint, but for ease of reading I'll simply refer to Mr E throughout this decision. Mr E complained about the lending decision on 13 January 2025. He felt reasonable and proportionate checks hadn't been carried out and the lending decision was irresponsible. He was concerned this had created an unfair relationship.

Oodle responded to the complaint on 24 January 2025. It didn't uphold the complaint because it said the checks it completed were reasonable and proportionate and the information obtained demonstrated the lending would be affordable and sustainable for Mr E.

Mr E remained unhappy and asked our service to investigate. Our Investigator looked into things and explained why she felt the checks hadn't been proportionate. But she felt had such checks been carried out, Oodle were likely to have discovered the agreement was affordable and sustainable for Mr E.

Mr E didn't agree with our Investigator's view. In summary, he said:

- His average monthly income was £2,443.52.
- His average committed expenditure was £2,959.20 which included groceries, credit card repayments, vehicle expense, utilities and rent/mortgage.
- He was left with an average disposable income of -£378.19 after taking off the monthly car repayment of £137.50. The disposable income has been calculated before deducting MOT and other emergency costs.

As Mr E didn't agree, 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.

Our approach to complaints about irresponsible and unaffordable lending is set out on our website. In summary, there are some key questions I need to ask in order to decide what's fair and reasonable. This includes:

1. Did Oodle complete reasonable and proportionate checks to satisfy itself that Mr E would be able to repay the agreement in a sustainable way?
 - If so, did it make a fair lending decision?
 - If not, would reasonable and proportionate checks have shown Mr E was likely to be able to sustainably afford the repayments?
2. Did Oodle treat Mr E unfairly or unreasonably in some other way?

Oodle had to carry out reasonable and proportionate checks to satisfy itself that Mr E would be able to repay the credit sustainably. It's not about Oodle assessing the likelihood of being repaid, but it had to consider the impacts of the repayment on him.

There is no set list of checks that it had to do, but it could take into account several different things such as the amount and length of the credit, the amount of the monthly repayments and the overall circumstances of the borrower.

Did Oodle complete reasonable and proportionate checks to satisfy itself that Mr E would be able to repay the agreement in a sustainable way?

On the application for the finance, Mr E declared his employment details and a gross annual income of £33,852. He also confirmed he was a private residential tenant.

I've also reviewed a copy of the credit check. Mr E had nine active accounts with a credit balance of £10,903. This included two credit cards, a current account, two unsecured loans, two communication accounts, a public utility account and a hire purchase agreement. There were no defaults and no reported arrears or missed payments. His revolving credit balance was £903 against an available limit of £1,700. He was then making monthly repayments of £403 for his non-revolving credit. His accounts seemed to be up to date, and I don't think there were other indicators that Mr E might not be managing his finances.

Oodle have confirmed it estimated Mr E's other committed expenditure. It set this out in its final response and submission to our service and explained it used data from the Office of National Statistics (ONS). However, it hasn't provided its calculations or the data it relied on.

Taking everything into account, I can't say the checks were reasonable and proportionate. I've thought about the agreement here including the total amount payable and the duration of the agreement, as well as the size of the monthly repayments. I've also considered the information Oodle obtained about Mr E's income and credit commitments. Having done so, I think it would have been proportionate for Oodle to consider Mr E's essential expenditure. I understand Oodle were likely to have estimated Mr E's committed expenditure with data from ONS. However, I've not seen what it actually relied on. I'm also not aware that Oodle verified Mr E's income. Overall, I'm unable to conclude the checks were reasonable and proportionate based on the information I've seen.

Would reasonable and proportionate checks have shown that Mr E was likely to be able to sustainably afford the repayments?

Although I'm unable to conclude the checks were reasonable and proportionate here, it doesn't mean the complaint should automatically be upheld. I must also consider what reasonable and proportionate checks were likely to have shown.

To do this, I've considered Mr E's bank statements for the three-month period leading up to the agreement. For clarity, I'm not saying Oodle needed to go as far as to obtain the bank

statements. But they do give a good indication of what it was likely to have discovered through reasonable and proportionate checks.

Mr E declared a gross annual income of £33,852 and from this Oodle could expect Mr E to receive a net monthly income of around £2,223. I've reviewed his bank statements to consider the income he was actually receiving. I note in May 2021 Mr E received lower weekly payments than he seems to have generally expected. His statements show higher weekly salary payments in June 2021 and July 2021 which continued beyond the start of the agreement. The average over these two months supported what Mr E had declared. He also received child tax payments and had other income identified by his representatives who calculated an average monthly income of £2,444. Therefore, I think this was likely to have been discovered through reasonable and proportionate checks. In any event, based on what I've seen I'm satisfied it's likely Oodle would have been able to verify a net monthly income figure broadly in line with what Mr E declared.

I've also thought about Mr E's expenditure. As mentioned above, I'd note I don't necessarily think Oodle needed to go as far as to check statements and so I need to think about what was likely to have been disclosed by Mr E at the time. I'm satisfied he wanted to be approved for the finance in order to acquire the car and so it is in this light he would likely have presented his circumstances.

With this in mind and having considered the information I have about his expenditure at the time, I think it's likely Oodle would have discovered Mr E's committed expenditure to have been around £1,590. This includes payments towards rent, credit commitments, utilities, food and so on. There are some large transactions which Mr E seems to have made through payment service companies. These transactions varied in frequency and size. It's not clear exactly what these payments were for but some of the companies included seem to have facilitated transfers to friends and family. For these reasons, I don't think they were likely to have been disclosed as non-discretionary payments. Additionally, Mr E settled his previous car finance agreement in August 2021. So, I haven't included these repayments because I think Oodle were likely to have discovered it was due to be settled and would no longer be an ongoing commitment.

As Mr E seems to have received an average income of around £2,444 per month leading up to the agreement, I'm satisfied this was sufficient to meet his committed expenditure of £1,590 and the new monthly repayments of £137.50. He would also have sufficient disposable income to meet other reasonable expenses which might arise. Therefore, I'm satisfied it's likely the agreement would have seemed affordable and sustainable. I'm mindful Oodle might have verified a lower income figure of around £2,223 based on what had been declared by Mr E at the time. For clarity, this would still leave Mr E with sufficient disposable income of £495.50 and so doesn't change the overall outcome of my decision.

Thinking also about Mr E's credit commitments and what Oodle understood about how he was managing his existing credit, I don't think there was anything to suggest the lending might have been unaffordable or unsustainable. Overall, he was meeting his commitments and appropriate checks were likely to have shown the new repayments were affordable and sustainable.

Weighing up all the information I have, I'm satisfied reasonable and proportionate checks were likely to have shown the repayments under the agreement were affordable and sustainable for Mr E. Therefore, I won't be asking Oodle to do anything to resolve this complaint.

Did Oodle treat Mr E unfairly or unreasonably in some other way?

I can see from Mr E's credit file and transaction history that he managed to make repayments towards the agreement on time. I've also reviewed Oodle's account notes. Considering everything I have, I've not seen anything which would lead me to conclude Oodle treated Mr E unfairly in some other way.

I've also 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 Oodle lent irresponsibly to Mr E or otherwise treated him unfairly. I'm satisfied, based on what I've seen, that no additional award would be appropriate in this case.

My final decision

For the reasons outlined above, I'm not upholding the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 24 October 2025.

Laura Dean
Ombudsman