

The complaint

Mr S complains that Startline Motor Finance Limited provided him credit to finance the purchase of a car when it was unaffordable.

What happened

In June 2023, Mr S entered into a hire purchase agreement with Startline. The cash price of the car was £14,400 and Mr S paid a deposit of £500. The agreement was due to run for 48 months with monthly instalments of £350.61 and a final balloon payment of £5,879.84. The total repayable under the agreement was £23,219.12.

Mr S says he was in a debt cycle and was in a debt management plan at the time and had Startline carried out better checks, it would have seen this and not lent to him. Mr S says he has struggled to keep up with his repayments and has now voluntarily terminated his finance agreement with Startline.

In October 2024, Mr S complained to Startline about its decision to lend but Startline didn't uphold his complaint. It said it carried out sufficient checks which showed Mr S could afford the credit it gave to him. Unhappy with Startline's response, Mr S referred his complaint to the Financial Ombudsman Service where it was looked at by one of our investigators. Our investigator didn't think Startline took its checks far enough before agreeing to lend but concluded that further checks would likely have shown Mr S could afford the credit and Startline wasn't wrong to lend.

Mr S disagreed, he said his expenses outstripped his income and he didn't have the funds to repay what he was borrowing. Mr S says this was why he struggled to keep up with the repayments from the start of the agreement. Mr S asked for an ombudsman to decide his complaint.

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.

Startline will be aware of all the rules, regulations and industry practice we consider when assessing complaints about irresponsible/unaffordable lending. We've set out our general approach to these types of complaints - including all of the relevant rules, guidance and good industry practice - on our website. So, I don't think it is necessary to set it all out in this decision.

In summary, Startline needed to ensure that Mr S could afford to make his repayments on the agreement when they fell due throughout the term of the agreement. The relevant rules and regulations don't prescribe what checks need to be carried out, but the checks need to be reasonable – taking into account the specific circumstances of the consumer.

Both parties have provided a good deal of information, I want to assure the parties, if I don't mention every single point that's been raised, it's not because I haven't thought about it. I have considered everything that's been said and sent to us. However, I'm going to concentrate here on what I consider is key to reaching a fair and reasonable outcome overall.

Starline has provided its point of sale checks and this shows that it checked Mr S' income using credit reference agencies and Mr S' declaration. Mr S declared a gross annual income of £70,163 and Startline's checks returned a net monthly income of £4,056. Startline says it used figures from the Office of National Statistics to work out Mr S' living costs but hasn't provided the figures it used. Startline also searched Mr S' credit file and this showed Mr S had two active credit cards with a joint balance of around £655, Mr S' rental payments were also found on the credit search and he had six defaults recorded on his credit file. The most recent default was recorded in 2020, more than three years before he applied for the credit with Startline. From what I can see, the balance on the defaulted accounts were reducing and two of them had been reduced to £0.

I think given the length of the agreement Startline should have understood Mr S' expenses beyond his credit commitments, I haven't seen evidence of how it worked out Mr S' expenses living costs. As Startline hasn't been able to show how it worked out Mr S' living costs, I don't think it did enough before agreeing to lend and it should have been taking it checks further.

Mr S has provided copies of his bank statements and investment statements which I've used to understand his financial circumstances at the time he took the credit. I'm not saying Startline had to request Mr S' bank statements as the rule do not prescribe this, but Startline had to show it understood Mr S' finances and that he could repay what he was borrowing when it fell due. In the absence of convincing information to show Startline did this, I think it is fair for me to rely on the information Mr S has provided.

I should say that in thinking about the information Mr S has provided, I'm considering what Startline would likely have found and what Mr S would likely have disclosed had he been asked further questions. This is an important point as Mr S has sent a list of expenses he believes should be taken into account and has gone into great detail about why his expenses outstripped his income. I also have to take into account the fact that Mr S says his subscription service with another provider was recalled and he was in need of a replacement car at the time.

From what I can see, Mr S received a regular monthly income and child benefit payments. Mr S' bank statements show his average income over the three months before the start of the credit agreement to be around £3,894. I've had a look at the cost of living Mr S sent to this service in response to the investigator's view and from what I can see, the subscription to the previous car provided would have ended following the recall so I wouldn't expect Startline to have taken this into account. I can see this expense wasn't incurred in the month after the agreement began. Mr S' cost of living taking into account, housing, food and utilities that are visible from his bank statements, including regular payment for insurance, credit and subscription services was roughly around £3,000, I don't intend to break down how I arrived at this figure but to say I considered Mr S' submissions about his expenses and what I thought Startline would reasonably have found and taken into account.

I think given his income and what I think is the likely disclosure by Mr S and the likely discovery by Startline had it taken its checks further, Mr S had sufficient income to meet his monthly repayment of £350.61. Mr S has argued that the balloon payment should be taken into account and even with that amount being taken into account Mr S had sufficient income to meet his repayments.

Mr S is entitled to have discretionary spending which he appears to have but I've considered that his committed expenses and living costs are what Startline would reasonably have taken into account. I appreciate Mr S struggled to keep up with his repayment early on in the agreement but I don't think reasonable checks would have shown Startline that would have been the case. The monthly repayments were a small fraction of Mr S' monthly income and taking all the information together, I think Startline should have taken its checks further, but I'm not persuaded that further checks would have shown Mr S couldn't afford the credit he was given. So, I don't think Startline was wrong to lend.

Did Startline act unfairly/unreasonably in some other way?

Mr S has said Startline wasn't proactive in helping him when he was struggling to keep up with his payments.

I can see Mr S requested to move his payment date and Startline agreed to this on more than one occasion. Mr S has said on one of the occasions he asked for help, Startline said he had to make the payment and then it could consider further support, but Mr S says he wasn't in a position to make that payment. Startline requested information about his income and expenses, but Mr S didn't provide this as he didn't think it would make a difference.

I appreciate Mr S' strength of feeling and his desire for the payment date to be moved when he needed it but I must consider the full picture here. Startline did move the payment date on more than one occasion and as it appeared Mr S needed further support, it was reasonable for Startline to request information about Mr S' circumstances to consider the best ongoing support for him. So, overall I don't think Startline treated Mr S unfairly here.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974 and include one of the following lines depending on the outcome. However, for the reasons I've already given, I don't think Startline lent irresponsibly to Mr S 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.

My final decision

For the reasons given above, I do not uphold this complaint or make any award against Startline Motor Finance Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 8 August 2025.

Oyetola Oduola
Ombudsman