

The complaint

Ms C complains CarCashPoint Limited (CCP) irresponsibly lent to her because it provided her with credit which she couldn't afford.

What happened

Ms C entered into a fixed sum loan agreement secured against her car (a logbook loan) with CCP on 4 August 2023. The total amount of credit was £1,060 and Ms C was to pay monthly instalments of £164.89 over 18 months. The total amount repayable was £2,968.02. As this was a logbook loan, the sums payable under the agreement were secured against Ms C's car. This meant if Ms C failed to keep up with the repayments, CCP would be able to sell the car and recover the amount owed.

Ms C complained to CCP on 29 August 2024. She was concerned she had been lent to irresponsibly and had difficulty paying it back demonstrating that the lending was unsustainable. She said CCP didn't do enough to ensure she could afford the agreement. She said CCP targeted her with an agreement which was unsuitable because of her indebtedness, poor credit history, health and disabilities. She said she feels she was subjected to high pressure selling as she had been visited in her own home. She said she feels she was taken advantage of because of her vulnerabilities.

Ms C also said CCP only contacted her over the telephone when she told it that she feared calls and experienced panic attacks. She said she asked for email contact or text messages only. She said she feels CCP ought to have been more understanding about her circumstances and her car is her only source of transport due to her mobility and disabilities. She needs the car to get to her appointments. She said she has paid more than the value of the car, and it will increase her isolation if she loses it.

Ms C remained unhappy and asked our service to investigate. On 21 July 2025 I issued a provisional decision. I said:

Our approach to considering complaints about unaffordable and irresponsible lending is set out on our website. In light of our approach, I think there are some key questions I need to consider. This includes:

1. Did CCP complete reasonable and proportionate checks to satisfy itself that Ms C would be able to repay the agreement in a sustainable way?

a) If so, did it make a fair lending decision?

b) If not, what would reasonable and proportionate checks have shown?

2. Did CCP act unfairly or unreasonably towards Ms C in some other way?

CCP had to complete reasonable and proportionate checks to satisfy itself that Ms C would be able to repay the credit sustainably. It's not about CCP assessing the likelihood of being repaid, but it had to consider the impacts of the repayment on her.

Did CCP complete reasonable and proportionate checks to satisfy itself that Ms C would be able to repay the agreement in a sustainable way?

CCP have confirmed it obtained information to fairly assess whether Ms C could afford the loan. This included a credit search, declared expenditure and income, three months of statement information from three current accounts and testimony from Ms C about her financial circumstances. Based on this information it carried out an income and expenditure assessment and determined Ms C would be able to sustainably afford the repayments.

In respect of Ms C's income CCP assessed it from her statements as being around £2,045.04. This was from benefit payments including employment and support allowance (EESA), personal independent payment (PIP) and tax credits.

I've reviewed a copy of the credit search which was carried out. I can see Ms C had two county court judgments (CCJs) which were recorded on 6 July 2021 and 26 January 2021 for a total value of £3,660. There were nine defaulted accounts. This included two which had been defaulted in 2019, six in 2020 and the most recent was recorded in September 2021. The total balance recorded against all accounts was around £4,515. In respect of the outstanding balances from the CCJs and defaults, I can see from the income and expenditure that CCP estimated a repayment amount of around £159 for these outstanding balances.

Additionally, the credit search showed Ms C had active credit including:

- A mail order account which had been opened on 28 October 2020 with a balance of £76 against a total limit of £300. The monthly instalments were recorded as £5. There was one late payment within the last six months, but this appears to have been made up promptly.*
- A credit card which had been opened on 17 October 2016 with a current balance of £177 against a credit limit of £200. There was missed payments, but this had been more than 12 months prior to the opening of the loan.*
- A current account with no credit limit.*
- A public utility account with a balance of £372. The payments were up to date.*
- A current account with a balance of £860.*

I can see from the income and expenditure completed by CCP that it allocated repayments for external current active credit commitments of around £109 (with a separate amount for bills and utilities).

CCP also considered Ms C's other non-discretionary expenditure. She declared expenditure including £62 for housing costs (the rest being paid by housing benefit), no council tax, £90 for utilities, £33 for insurance, £40 for phone and internet, and £200 for food and housekeeping. She also declared a further £200 for entertainment, clothing, travel, petrol and family expenditure.

However, CCP didn't just rely on Ms C's declared expenditure. It also reviewed bank statements for three of her accounts. Information from two of the accounts were from open banking so it came categorised (such as spend towards credit commitments, spend at supermarkets, travel costs and so on). CCP had statements for the other account. It reviewed the information and assessed her non-discretionary expenditure. It estimated her overall expenditure (including credit commitments) as being around £1,834.84.

CCP also called Ms C to ask about some potential issues. Its records show it called her on 3 August 2023 and confirmed she was one payment in arrears, but this was showing as having been made up. It also asked about the number of cash withdrawals she had. However, Ms C confirmed she had been withdrawing cash for an upcoming holiday, so it concluded it was all discretionary.

CCP concluded Ms C had a total monthly expenditure of £1,834.84. This included the repayments of £164.89, payments towards outstanding debts and her other non-discretionary expenditure. Taking into account Ms C's income, it determined she had around £211 disposable income per month.

Overall, I'm satisfied the checks carried out by CCP were reasonable and proportionate. It considered declared income and expenditure and completed a credit search with credit reference agencies. It also obtained further evidence by way of information from bank statements from three of Ms C's accounts. Additionally, it asked questions about some of the potential issues it had highlighted with the information it had. Having thought about the circumstances of this complaint including the terms of the agreement, I'm satisfied the checks carried out were reasonable and proportionate and CCP obtained sufficient information to be able to make a fair lending decision.

Did CCP make a fair lending decision?

Although I'm satisfied CCP carried out reasonable and proportionate checks, I also need to be satisfied it made a fair lending decision based on the information it obtained.

I have reviewed the bank statements, what Ms C declared about her expenditure, CCP's income and expenditure assessment and other notes which were made at the time Ms C applied for the loan. Having done so, I'm satisfied it reasonably estimated Ms C's expenditure as £1,834.84 and concluded the loan was affordable. I have reviewed the information from the bank statements and Ms C's declared expenditure, and it seems CCP used a fairly generous overall figure for its estimate which speaks to the affordability of the loan.

I appreciate our Investigator felt the complaint should be upheld because he didn't feel CCP had reasonably considered payments towards defaulted balances. I have considered the outstanding default balance, and I think it was likely Ms C was contributing to the defaulted balances (I note from her credit file that the balances were reducing). I do agree there was a significant outstanding balance, and this should be given proper consideration. Whilst some of the defaults were older, Ms C was still liable for the balances and might still be pursued for them. This means such balances needed to be accounted for when assessing the affordability of the loan.

CCP did consider repayments towards defaults in its affordability assessment. However, I'd note repayments towards outstanding balances can vary considerably and there is no set repayment amount. Whilst I do have information from Ms C's bank statements, I'd note some of the information is from open banking which means it is pre-categorised, and I can't determine exactly how much she was paying towards these sums. Therefore, I must think about what's fair and reasonable in the circumstances of this complaint based on the information which was obtained. I also acknowledge that there is an argument here to say CCP could have asked Ms C about what payments she was making. However, from the evidence I have I don't

think this changes the outcome of my decision as I don't think CCP were likely to have discovered the lending was unaffordable.

Thinking more broadly about the circumstances of this complaint and what's fair and reasonable, I think CCP fairly used an overall estimated expenditure of £1,834.84. I'm satisfied it could reasonably be expected that Ms C's financial commitments (and the new loan repayments) would fall squarely within this figure. I think this would also allow Ms C to contribute to her default balances. And I'm content there was sufficient disposable income remaining to speak to the sustainability of the repayments.

Having reviewed Ms C's credit search, I can see nine defaulted accounts with the most recent account defaulting in September 2021. However, some were defaulted in 2019. Ms C's circumstances seemed to have improved and whilst there was a late payment, her accounts were up to date at the point of the lending decision. Whilst she was utilising her overdraft, she had confirmed she was due to go on holiday and so some of this seems to have been because of discretionary spend and cash withdrawals. Additionally, it doesn't seem she was overindebted with the credit she did have. So, I don't think there was anything to suggest to CCP the lending might worsen Ms C's financial position. The information it had seemed to show the lending would be affordable and I think it seemed Ms C's financial situation had improved.

Weighing up the evidence I have, I'm satisfied CCP made a fair lending decision. It seemed from the reasonable and proportionate checks it carried out that Ms C would be able to sustainably afford the repayments throughout the duration of the loan.

Did CCP act unfairly or unreasonably towards Ms C in some other way?

Ms C is concerned she was pressured into taking out the loan. From the documentation I have, it seems CCP asked questions to ensure the lending was affordable for her and Ms C was able to explain her financial situation. I also understand it was following Ms C's application and a telephone call that an agent visited Ms C, so it doesn't seem to have been following a cold call.

Additionally, it seems Ms C answered a customer service questionnaire – the answers of which don't indicate Ms C was unhappy with the selling process at the time. The agreement also confirmed Ms C's right to withdraw within 14 days should she have doubts about having entered into the agreement. Weighing up the evidence I have, I'm unable to say that unreasonable selling practices were used or that Ms C was pressured into agreeing the loan.

Ms C has said she didn't receive the default notice. I haven't seen a copy of the default notice itself, but I can see from the contact notes that notice of default sums and the default pack was sent to Ms C on 2 July 2024. I appreciate Ms C said she didn't receive it. However, I can see an email was sent on 17 July 2024 and 12 August 2024 which confirmed the default notice had been sent. So, I'm satisfied on balance Ms C was sent a default notice. Also, had she not received it then she had the opportunity to request it following CCP's email to her.

I've also thought about how CCP treated Ms C in respect of the forbearance it offered when she did get into difficulty with her account. Ms C seems to have first got into difficulties with the repayments in early 2024 when she paid less than the amount due. CCP called Ms C at this time and confirmed she would clear the arrears by 29 February 2024, and she requested that the payment date move to the 28 March 2024 in line with her benefits. Arrears then began to build from the end of March 2024. CCP said it left voicemails and attempted to call Ms C on 1 May 2024

and 1 June 2024 about the arrears. I have seen from the contact notes that CCP left a message and sent a text to Ms C on 14 June 2024. It also sent an email confirming arrears had built up of £304.01 and that it had tried to contact Ms C on several occasions. The system notes show further contact was attempted throughout July 2024 and August 2024. This was through voicemails, texts, emails and letters. Ms C was invited to contact CCP for arrears assistance.

The first time Ms C was in contact with CCP was on 28 August 2024 when it called her. She explained she had buried her head in the sand and her income had not changed but she had more outgoings. The note confirms she was signposted, but Ms C was already aware of available help. It confirmed it would need to check the loan was still affordable from Ms C's bank statements. On 24 September 2024, Ms C completed her own income and expenditure assessment and confirmed she'd be able to make payments towards the agreement on 26 September 2024 and 10 October 2024. Following this, CCP reasonably accepted Ms C's requests to amend payment dates. From what I've seen, there isn't more I'd have expected them to do here.

It seems CCP was first notified around 1 September 2024 that Ms C was experiencing a mental health crisis. This was following a visit she had received at her property. Following this, CCP applied 30 days of breathing space. It confirmed this in writing to Ms C and explained all recovery action would be paused. Ms C has also said she told CCP that her preference for contact was emails or text messages. She explained the telephone calls were causing her undue stress. From the evidence I've seen, it seems she first informed CCP of this in September 2024 and I can see a marked reduction in the number of phone calls which followed. I can't see another call was made to Ms C until March 2025 when CCP followed up on a missed payment. So, I'm satisfied CCP reasonably considered Ms C's preferences.

I also appreciate Ms C has explained she felt unsafe because of a visit to her home. I appreciate her concern here and I understand this is an extremely stressful time for her. However, the contact notes confirmed repossession was requested by CCP on 19 August 2024. As set out above, CCP had attempted to contact Ms C regularly as her arrears were building. Whilst I appreciate the emotional impact, under the agreement CCP are entitled to repossess the car when arrears have built up and it had tried to contact Ms C to understand her circumstances. The correspondence also reminded Ms C of the consequences of arrears. From the evidence I've seen, I can't conclude CCP have acted unfairly or unreasonably 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 CCP lent irresponsibly to Ms C 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.

Both parties have now had a reasonable opportunity to respond to my provisional decision. Ms C didn't accept my conclusion. In summary, she said:

- She is experiencing difficulties with her mental health, and her debt is increasing month by month. She is receiving support from two charities, but she is struggling to manage day-to-day living costs, and she has a dependent child who also needs to be provided for.
- The original Investigator rightly noted that CCP underestimated the impact of her existing debts. Her credit file showed two active CCJs and nine defaulted accounts,

with total debts exceeding £9,500. CCP assumed a 2% repayment rate on these debts, which is unrealistically low and does not reflect the actual financial burden. Even a modest repayment of 5% makes the repayments unaffordable as it would only leave her with £131.53 disposable income.

- CCP's own sustainability risk assessment classified her as a moderate risk.
- The Consumer Credit Trade Association (CCTA) requires lenders to treat customers fairly, especially those in vulnerable circumstances. CCP failed in this duty in several ways. She informed CCP she suffered from mental health issues and panic attacks so her preferred method of communication was via email or text. Despite this, they continued to call her and caused her significant distress. The repossession attempt on 31 August 2024 whilst she was away (and after she had informed them of her disability and absence) was deeply distressing. It caused fear and anxiety for her daughter who was home alone. This action had been taken after she had requested a pause and despite CCP's stated 30-day hold on collection activity. She said CCP did not adhere to the code because it didn't accommodate her communication preferences, didn't recognise signs of financial distress, and proceeded with aggressive collection actions despite being informed of her health and disability status. She's also unhappy with the way she was spoken to on 28 August 2024.
- The relationship between herself and CCP was unfair under Section 140A of the Consumer Credit Act 1974. This was due to the imbalance of power and her vulnerability at the time of the lending. This was because of the lack of clear, informed consent, especially given the pressure she felt during the home visit. Also, the emotional and financial harm caused by the unaffordable loan and the aggressive collection practices.
- The APR of 387.40% on the loan is extremely high and should have triggered enhanced scrutiny by CCP. Lending at such a rate to a borrower solely reliant on benefits, with a history of financial difficulties, is irresponsible. This level of interest significantly increased the financial burden and risk of default, particularly for vulnerable consumers.

Therefore, Ms C asked me to reconsider the conclusion I reached in my provisional decision and to uphold her complaint in line with our Investigator's original findings. She believed this would be a fair and reasonable outcome, reflecting both the unsustainable nature of the loan and the failure of CCP to act with appropriate care.

As both parties have had the opportunity to respond, I've proceeded to issue my final decision on the matter.

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.

Having reviewed everything, I see no reason to depart from the conclusion I reached in my provisional decision. I'm not upholding this complaint for largely the same reasons as I set out within that decision, and I've included this above. So, I won't repeat the reasoning in detail here. However, I do want to address some of the points made by Ms C and provide further clarity. I also asked Ms C for some additional information which I thank her for providing.

The lending decision

I note our Investigator set out a specific percentage repayment for Ms C's defaulted accounts. As explained, repayments can vary, and this sometimes depends on the age of the defaulted accounts. I have already explained why I reached a different decision in respect of this. However, I appreciate Ms C feels strongly about her complaint. Therefore, I asked for a copy of her statements to understand what she was actually paying at the time. I do want to be clear that I don't think CCP needed to obtain any further information in order to make a fair lending decision.

CCP used a figure of £159.04 for repayments towards her outstanding default balance. Even if CCP had asked Ms C what she was actually repaying, I don't think this would change the outcome of its affordability assessment. I've reviewed the statement information. The amount included in CCP's affordability assessment seemed to exceed what she actually paid towards her default balance. I appreciate she has said she hadn't yet set up some of the repayment plans and it is important to note Ms C was still liable for the outstanding amount. However, the income and expenditure assessment Ms C completed for CCP in September 2024 also doesn't indicate she was paying significantly more.

In any event, I have thought more broadly about the information obtained by CCP and I'm satisfied CCP reasonably used a figure of £1,834.34 for her overall outgoings in its affordability assessment. I don't think it could have expected her committed expenditure (including repayments towards her default balance) to have exceeded this. So, I'm remain satisfied it made a fair lending decision.

CCP's actions following arrears

I've also thought about whether CCP treated Ms C fairly. I've asked for a copy of the call recording Ms C had with CCP when she got in touch with them on 28 August 2024. However, the call recording isn't available. So, I must make a decision based on the information I have. I have reviewed a copy of the call transcript and there isn't anything to suggest Ms C was treated unfairly, although I can see the call handler questioned why she hadn't been in touch sooner.

I note CCP made several attempts to contact Ms C when arrears accrued and I'm unable to say it failed to spot signs of financial difficulties during the course of the agreement. Additionally, I'm satisfied CCP reasonably took into account Ms C's communication preferences, and I can see a reduction in the calls made to her when she explained the impact on her.

In respect of the repossession attempt on 31 August 2024, Ms C said she had requested a pause. The call note from 28 August 2024 confirms she asked about her arrears, and she would see what she could do. The call handler also confirmed they'd need to fill in an income and expenditure assessment and noted her outgoings had increased. Ms C complained to CCP on 29 August 2024 and explained she was being supported by a charity because she was vulnerable, and her mental and physical difficulties were making this hard.

I've seen the asset collection service contacted Ms C to arrange collection of the car. I've seen a copy of Ms C's response on 20 August 2024 which confirmed she was away until 1 September 2024. She also explained she was disabled and would need to organise something as the car was her only mode of transport. I have also seen a copy of a text from 31 August 2024 which followed the repossession attempt at her home. I do fully appreciate what she has said about the distress this caused to herself and her daughter (who was home at the time).

However, I've thought about this in the context of everything which has happened in relation to this agreement. I'm mindful CCP had already made several attempts to contact Ms C and

had sent her a default notice on 2 July 2024. In my provisional decision, I explained why I was satisfied the default notice was likely to have been sent. To be clear, I've seen a copy of the notice which is correctly addressed. It explained Ms C needed to pay £468.90 by 18 July 2024. It also set out that if action was not taken by the date shown then it would look to repossess and sell the car. I've thought about the relevant rules and regulations and I'm unable to conclude CCP ought to have done something differently here. CCP emailed Ms C on 12 August 2024 to confirm her account was in default and I'm satisfied it was fair for it to proceed with repossession.

I appreciate Ms C had been in touch with them a couple of days before the repossession attempt on 31 August 2024 by email. However, she had the opportunity to contact CCP much earlier than she did and CCP had already initiated the process of repossessing the car. Ms C had also informed CCP she would be away. However, this doesn't mean it unreasonably attempted repossession because it had the right to do so once the default notice had been sent and the date by which Ms C needed to repay the arrears had passed.

Ms C also fully set out her circumstances to CCP on 1 September 2024 following the repossession attempt. She explained she was having a mental health crisis. I'm mindful CCP responded to Ms C's correspondence on 2 September 2024, and it seems to be at this point that it implemented breathing space. I'm satisfied it did so reasonably promptly after receiving Ms C's complaint and further correspondence. In all the circumstances, I can't say CCP did something wrong here and I don't think it acted unfairly towards Ms C in the circumstances.

Ms C has also said the price of the loan was very high and ought to have warranted further checks to ensure the loan was affordable. I'm satisfied the rates were in line with other similar products on the market at the time and I have already explained why I think the checks were reasonable and proportionate. In deciding this I've thought about the terms of the loan including the total amount repayable, the monthly repayments and the duration of the agreement.

I appreciate Ms C will be very disappointed by my decision and I understand she feels the complaint should be upheld in line with our Investigator's view. However, my decision is not to uphold this complaint. I'm satisfied the checks carried out were reasonable and proportionate, and that CCP made a fair lending decision. I don't think CCP lent to Ms C irresponsibly or otherwise treated her unfairly for the reasons explained. Therefore, I don't think CCP have, in relation to this matter, created unfairness in its relationship with Ms C.

I'm sorry to hear about Ms C's current difficulties and I note despite support she is struggling to meet her financial obligations. I do want to remind CCP that it needs to treat Ms C with understanding, forbearance and due consideration going forward and if Ms C feels it hasn't then she would be entitled to complain about that.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms C to accept or reject my decision before 7 November 2025.

Laura Dean
Ombudsman