

## **Complaint**

Mrs M complains that First Response Finance Limited (“First Response”) unfairly entered into a hire-purchase agreement with her. She’s said the payments to her agreement were unaffordable.

## **Background**

In March 2022, First Response provided Mrs M with finance for a used car. The cash price of the vehicle was £8,298.00. Mrs M paid a cash deposit of £1,500.00, received a part exchange of £1,600.00 for her existing car and sought finance of £5,198.00 to complete this transaction. First Response accepted Mrs M’s application and entered into 60-month hire-purchase agreement with her for £5,198.00.

The loan had interest, fees and total charges of £3,203.80 and the balance to be repaid of £8,401.80 (which does not include Mrs M’s deposit or part-exchange) was due to be repaid in 60 monthly instalments of £140.03.

Mrs M’s complaint was considered by one of our investigators. He didn’t think that First Response had done anything wrong or treated Mrs M unfairly. So he didn’t recommend that Mrs M’s complaint should be upheld.

Mrs M 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 Mrs M’s complaint.

Having carefully thought about everything I’ve been provided with, I’m not upholding Mrs M’s complaint. I’d like to explain why in a little more detail.

First Response needed to make sure that it didn’t lend irresponsibly. In practice, what this means is that First Response needed to carry out proportionate checks to be able to understand whether Mrs M could make her payments in a sustainable manner before agreeing to lend to her. And if the checks First Response carried out weren’t sufficient, I then need to consider what reasonable and proportionate checks are likely to have shown.

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.

First Response says it agreed to this application after it completed an income and expenditure assessment on Mrs M. During this assessment, Mrs M provided details of her monthly income which it cross checked against information on a bank statement. First Response says it also carried out credit searches on Mrs M which showed that she had previously defaulted on credit around three years before this application.

However, it considered these to be historic and it felt that when the payments Mrs M had to make to her existing credit were combined with estimated living costs and deducted from her validated income she had sufficient funds to make the monthly repayments to this agreement.

On the other hand, Mrs M says that she couldn't have afforded these payments.

I've thought about what Mrs M and First Response have said.

The first thing for me to say is that First Response didn't just simply accept what Mrs M had told it. It obtained screenshots of bank statements to verify Mrs M's income and also carried out credit searches. Furthermore, was also paying a cash deposit that was equivalent of more than ten monthly payments.

Equally, when I've looked at the screenshot of the bank statement Mrs M provided to First Response at the time of the application, I can't see anything on it which shows that when Mrs M's actual committed regular living expenses are added to what First Response knew about her existing credit commitments and then deducted from the funds she was receiving, the repayments here were unaffordable.

So having carefully considered everything, I'm satisfied that the available information suggest that proportionate checks were carried out. And in my view, the information gathered did suggest that the monthly payments to this agreement were affordable for Mrs M.

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

However, for the reasons I've explained, I don't think First Response irresponsibly lent to Mrs M or otherwise treated her 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.

Overall and having carefully considered everything, I'm satisfied that First Response didn't act unfairly towards Mrs M when it agreed to provide to lend to Mrs M and I'm not upholding her complaint. I appreciate that this will be very disappointing for Mrs M. But I hope she'll understand the reasons for my decision and that she'll at least feel her concerns have been listened to.

## **My final decision**

My final decision is that I'm not upholding Mrs M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 1 December 2025.

Jeshen Narayanan  
**Ombudsman**