

Complaint

Mrs L complains that Oodle Financial Services Limited (trading as “Oodle” Car Finance) unfairly entered into a hire-purchase agreement with her. She’s said that it wasn’t properly checked whether she could make the repayments to this agreement, which were unaffordable for them.

Background

In January 2020, Oodle provided Mrs L with finance for a used car. The purchase price of the vehicle was £10,602.00. Mrs L paid a total deposit of £1,800.00 (made up of a cash payment of £1,500.00 and a £300 part exchange credit for her previous vehicle) and sought finance for the remaining £8,802.00 she required to complete her acquisition. Oodle agreed to provide this finance via a 60-month hire-purchase agreement.

The loan had interest, fees and total charges of £6,701.80 (comprising of interest of £6,601.80, a document fee of £50 and an option to purchase fee of £50). This meant that the balance to be repaid of £15,503.80 (which does not include Mrs L’s deposit) was due to be repaid in a first monthly repayment of £306.73, followed by 58 monthly instalments of £256.73 and then a final instalment of £306.73.

The agreement was settled in full in January 2022 and in November 2024, Mrs L complained to Oodle saying that the monthly payments were unaffordable so it shouldn’t have entered into the agreement with her. Oodle didn’t uphold Mrs L’s complaint. It believed that the checks it carried out were proportionate and that they showed it was reasonable to lend to her. Mrs L remained dissatisfied at this outcome and referred her complaint to our service.

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

Mrs L 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 L’s complaint.

Having carefully considered everything, I’m not upholding Mrs L’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 Mrs L 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 Mrs L provided details of her salary. It says it also carried out credit searches on Mrs L which showed some outstanding balances and that she had four defaulted accounts. Although it considered these defaults to be historic and when reasonable payments based on the amount Mrs L owed to existing creditors, plus estimates of her living expenses were deducted from her monthly income the monthly payments were still affordable.

On the other hand, Mrs L says the monthly payments were unaffordable.

I've thought about what Mrs L and Oodle have said.

The first thing for me to say is that Oodle didn't simply accept Mrs L's declarations at face value as it carried out credit checks. I appreciate that Oodle was aware that Mrs L had defaults recorded against her. However, I don't think that Mrs L's credit history in itself meant that she shouldn't have been lent to in this instance.

Nevertheless, while I don't think that the presence of the adverse credit information on Mrs L's credit file meant that she shouldn't have been lent to, I do think that the existence of this information meant that Oodle needed to find out more about Mrs L's actual living expenses, rather than relying on an estimate of these.

That said, I don't think that Oodle carrying out further checks is more likely than not to have made a difference here. I say this because I'm satisfied that Oodle is still likely to have lent to Mrs L even if it had found out more about her actual living expenses, rather than relied on statistical data.

I say this because the information Mrs L has provided from the time does appear to show that when her discernible committed regular living expenses and the credit commitments Oodle is likely to have known about are deducted from her income, she did have the funds, at the time at least, to sustainably make the repayments due under this agreement.

I've noted that Mrs L has now carried out a line-by-line analysis of her bank statements and has reached the view that she didn't have enough left over for emergencies once the payments to this agreement was deducted from her disposable income. The first thing for me to say is that Mrs L's analysis has been carried out with the use of bank statements and this includes all of her major expenditure.

I also have to keep in mind that Mrs L's most recent submissions are being made in support of a claim for compensation and any explanations Mrs L would have provided at the time are more likely to have been with a view to persuading Oodle to lend, rather than highlighting any unaffordability.

So I think it unlikely that Mrs L would have volunteered that she shouldn't have been lent to as she wouldn't have enough for emergencies in the way she now argues, had Oodle asked

or found out more about her regular living expenses. This is particularly as Oodle wasn't required to request bank statements from her in the first place.

Bearing this in mind, I'm satisfied that the available information makes it appear, at least, as though proportionate checks would have shown that Mrs L could make the monthly payments to this agreement in a sustainable manner. And in my view, it is unlikely – and less likely than not – that Oodle would have declined to lend if it had found out the further information that I think it needed to here.

In reaching my conclusions, I've also considered whether the lending relationship between Oodle and Mrs L might have been unfair to Mrs L under s140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I've not been persuaded that Oodle irresponsibly lent to Mrs L or otherwise treated her unfairly in relation to this matter. And I haven't seen anything to suggest that s140A CCA or anything else would, given the facts of this complaint, lead to a different outcome here.

Overall and having carefully considered everything, while I don't think that Oodle's checks before entering into this hire-purchase agreement with Mrs L did go far enough, I'm not persuaded that reasonable and proportionate checks would have prevented Oodle from providing these funds, or entering into this agreement with her. I appreciate that this will be disappointing for Mrs L. But I hope that she'll understand the reasons for my decision and she'll at least consider that her concerns have been listened to.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L to accept or reject my decision before 23 September 2025.

Jeshen Narayanan
Ombudsman