

The complaint

With the help of a professional representative (PR), Mr C complains that Close Brothers Limited lent to him irresponsibly. For ease I'll refer mainly to the actions of the PR as being those of Mr C.

What happened

Mr C entered into a Conditional Sale Agreement with Close to enable him to acquire a used car. It was agreed on the following terms:

Date	Cash price of car	Amount of credit	Term	Monthly repayment	Total payable
14 March 2020	£6,995	£5,995	60 months	£142.03	£9,531.80

On 25 October 2024, Mr C complained to Close. He said the agreement was unaffordable for him from the outset. He said Close had failed to complete proper checks, and if it had done so, it ought to have refused to lend to him. As a result the relationship between them was unfair as described in Section 140A of the Consumer Credit Act 1974 (Section 140A). To resolve his complaint, Mr C asked Close to refund charges and interest he paid, along with statutory interest. He asked for compensation for the damage to his credit file.

Close looked into Mr C's complaint and issued a final response letter. It said Mr C had declared a net monthly income of £2,438. It said had calculated his net disposable income based on that and all his known financial commitments taken from his credit file. The credit search revealed he had some debts elsewhere, but they were all up to date. Close felt the agreement had been affordable for Mr C, and it didn't uphold the complaint.

Mr C didn't accept Close's response, so he referred his complaint to our service. One of our investigators looked into it. She felt the checks carried out by Close were reasonable and proportionate based on what Mr C had told it and what it found out itself. She said that based on that information, Mr C had a net disposable income of just over £600 per month *after* the payment to this agreement was taken into account. She looked at the credit information Close had obtained at the time of the application and noted his agreements were up to date. Our investigator didn't uphold the complaint.

Mr C didn't agree with our investigator. His PR provided a recent copy of his credit file and said he had *"multiple active defaults or severely delinquent accounts in 2020 and 2019"*. They cited a credit card on which a default was registered in October 2020 and two other defaults which took place in 2020 and 2021. They also alleged Mr C had given inaccurate information about his income, saying it was between £1,500 and £2,000 per month.

As there was no agreement, the complaint has been passed to me for a decision.

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.

We've set out our approach to complaints about irresponsible and unaffordable lending on our website – including the key relevant rules, guidance, good industry practice and law. I've considered this approach when deciding this complaint.

Close needed to carry out reasonable and proportionate checks to ensure that it didn't lend to Mr C irresponsibly. I think there are key questions I need to consider in order to decide what is fair and reasonable in the circumstances of this complaint:

- Did Close carry out reasonable and proportionate checks to satisfy itself that Mr C was in a position to sustainably meet the repayments?
- If not, what would reasonable and proportionate checks have shown at the time?
- Did Close make a fair lending decision?
- Did Close act unfairly or unreasonably towards Mr C in some other way?

Close had to carry out reasonable and proportionate checks to satisfy itself that Mr C would be able to repay the agreement sustainably. It's not about it assessing the likelihood of it being repaid, but it had to consider the impact of the repayments 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 agreement, the amount of the repayments and the overall circumstances of the borrower.

It is generally accepted that a lender can rely on information given to it by an applicant, provided it has no reason to suspect that information is incorrect. Close has provided the application details and I can see that Mr C's income is declared as £2,438. His income doesn't seem out of line with the employment details he provided, and he paid a £1,000 deposit for the car. I don't think there was any reason for Close to suspect the income details Mr C provided were anything other than accurate.

Close has also provided a copy of the credit file it received at the time. This shows he was up to date with his existing credit which consisted of a couple of modest loans, a mortgage with repayment of £600 per month, a hire purchase with repayments of £421 and a couple of credit cards. His total credit repayments including the mortgage amounted to £1,610. This left over £820 from which to meet his day to day living costs and meet the cost of this agreement (£142).

I think the checks Close carried out were reasonable and proportionate. They showed a customer with a good income, stable employment and residential status with a proven track record of meeting his existing commitments. It follows that I think it reached a fair decision to lend to him.

Did Close act unfairly or unreasonably towards Mr C in some other way?

The credit report Mr C's PR provided, shows all his agreements as being up to date at the time of the application. It has specifically referred to three accounts which ended up defaulting subsequently. But I don't think this agreement caused the problems with these other commitments. Let me explain.

I can see the first payment to this account was unpaid in April 2020. Mr C spoke with Close in May 2020 saying he hadn't had any work as a result of the Covid-19 pandemic which caused the problem. He then made a payment of £284.06 on 27 May 2025.

Close provided breathing space and spoke to him again in July 2020, and Mr C made another payment of £284.06 and set up a direct debit to make the payment which was made regularly with no problems until 16 February 2021 when he missed a payment. Close spoke to him at that time and he said he was financially fine, and the missed payment was an oversight.

So I don't think there's evidence that this agreement caused problems with the others which defaulted in 2020. I think it's more likely that a reduction in Mr C's income caused by the pandemic, meant Mr C prioritised the car payments over the other agreements which I don't think is unusual. I've seen nothing which demonstrates Mr C contacted Close to say he was struggling – with the exception of the Covid-19 issue – or that it didn't respond to any requests for assistance. It follows that I don't think Close has treated Mr C unfairly in some other way.

For the reasons I've already given, I don't think Close lent irresponsibly to Mr C 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

My final decision is that I don't uphold this complaint.

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

Richard Hale
Ombudsman