

The complaint

Mrs K, who is represented by a third party, complains that Santander Consumer (UK) Plc, trading as Mazda Financial Services ("Mazda Financial Services") irresponsibly granted her a conditional sale agreement she couldn't afford to repay.

What happened

In November 2021 Mrs K acquired a used car financed by a conditional sale agreement from Mazda Financial Services. Mrs K borrowed £12,212.09 and was required to make 60 monthly repayments of £250.88. She'd paid a deposit of £4,287.91. The total repayable under the agreement was £19,340.71.

In November 2024 the agreement was settled early.

Mrs K says Mazda Financial Services didn't complete proportionate checks. She says if it had, it would have seen the agreement wasn't affordable. Mazda Financial Services didn't agree. It said it had carried out a thorough assessment which included credit and identity checks.

Our investigator didn't recommend the complaint be upheld. He thought Mazda Financial Services didn't act unfairly or unreasonably by approving the finance agreement.

Mrs K and those representing her didn't agree and said we hadn't properly taken her wider financial circumstances into consideration.

The case has therefore 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 explained how we handle complaints about unaffordable and irresponsible lending on our website. And I've used this approach to help me decide Mrs K's complaint.

Mazda Financial Services says it carried out an identity and credit check before granting the finance and found that Mrs K had a good credit score. I've seen a summary of the credit check and can see that there were no recent adverse markings on her credit file, such as consecutive missed payments or an account going into default. She was paying a mortgage and owed around £9,500 in other debt. There were some missed payments from 6-7 years earlier which I think it would be reasonable to treat as historical.

Mazda Financial Services said that it relied on what the credit check showed and decided no further affordability checks were needed. I can't see what if any, steps to verify Mrs K's income before approving the finance. Given the overall size of the borrowing, the monthly repayments and the term of the agreement, I think it would have been proportionate for

Mazda Financial Services to have done that. I also think it ought to have done something to find out what her committed monthly spending requirements were likely to be, even if it was simply relying on statistical information based on what it knew about her from her application details. Without knowing more about Mrs K's regular monthly commitments, I don't think Mazda Financial Services would've got a good enough understanding of whether the agreement was affordable or not. So, for Mrs K's specific circumstances, I don't think the checks it did were proportionate

I can't be certain what Mrs K would have told Mazda Financial Services had it asked about her regular expenditure. I don't think Mazda Financial Services needed to request bank statements, but in the absence of anything else, I've relied on the information contained in the statements she's sent us, covering the lead-up to the agreement. This helps to give an indication of what Mazda Financial Services might have seen had it carried out further checks.

I see our investigator looked at these bank statements – for a joint bank account between Mrs K and her husband - but I've also reviewed them myself. I agree that broadly speaking, the information shown in the statements suggests that the agreement was affordable for Mrs K at the time she took it out.

I've noted that the account was generally managed well and that Mrs K didn't find it necessary to make overly frequent use of any emergency or overdraft borrowing. I've also seen that her monthly income averaged out at just over £2,000 per month. Her level of mortgage was relatively high, representing more than half of her net income. But, as with other household outgoings, these costs would be shared with her husband who was receiving a comparable income. I think it's reasonable, in the absence of other evidence, to say that Mrs K would be using around half of her income towards paying the mortgage, making repayments towards the credit she owed and sharing household costs. On that basis, she'd be left with around £750-£800 in remaining income after paying the £250.88 agreement instalment each month. That suggests to me that Mrs K would be left with enough to meet her share of other key household costs, such as utilities, food shopping and petrol. I've seen our investigator's further comments which I think sufficiently demonstrates this.

Those representing Mrs K have suggested that a more detailed analysis is necessary to establish that the finance was affordable. My role here is to try to establish what information Mazda Financial Services was likely to have seen if it had carried out further checks at the time. I think that had they done that and seen a level of information similar to what I've seen on the bank statements, I wouldn't have expected them to be prompted to raise queries or have reason to reconsider approving the finance. On that basis, having seen the level of detail provided by our investigator from his review of the bank statements, I consider our analysis to be sufficient.

It follows that I'm in agreement that there's no clear indication that Mrs K may have been getting into financial difficulty during this time – or appeared to be at risk of that happening. I can't say from what I've seen that had it checked, Mazda Financial Services could have been alerted to the possibility that she didn't have adequate disposable household income to meet the repayments required under the agreement.

Taking all of this into account, I agree that the finance appears to have been affordable to Mrs K. For this reason, I'm not persuaded that Mazda Financial Services acted unfairly in approving the agreement.

I've considered whether the relationship between Mrs K and Mazda Financial Services 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 Mazda Financial Services lent irresponsibly to Mrs K or otherwise treated her unfairly. I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

My final decision

For the reasons I've given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K to accept or reject my decision before 5 November 2025.

Michael Goldberg

Ombudsman