

The complaint

Mr D complains through a representative that Oodle Financial Services Limited (“Oodle”) didn’t conduct sufficient affordability checks which led to him being given an unaffordable loan.

What happened

In November 2019, Oodle provided Mr D with a hire purchase agreement for a used car through a credit intermediary. The cash price for the vehicle was £15,000 and a £1,000 deposit was paid so £14,000 was financed. The agreement had interest, fees and charges of £6,750.21 with Mr D due to pay a total of £21,750.20. Mr D was due to make one payment of £394.17 followed by 58 payments of £344.17 followed by a final payment of £394.17.

Mr D had some difficulties repaying the agreement and Oodle seems to have taken possession of the vehicle before it was sold at auction in March 2022. Mr D made the final payment to clear the balance to zero in September 2022.

Following the complaint, Oodle issued its final response letter in October 2024, and it gave reasons why it didn’t uphold it. An Investigator reviewed the complaint and didn’t uphold it even though he thought Oodle ought to have done more checks before it entered into the agreement.

Mr D’s representative didn’t agree with the outcome saying Mr D’s outgoings exceeded his income in the months leading up to the agreement being granted. It also said, Mr D had recent adverse credit file entries. These comments didn’t change the Investigator’s assessment and so the complaint has been passed to an ombudsman for a decision.

Later, some further bank statements were requested, and the August 2021 statements were provided by Mr D’s representative by the middle of November 2025.

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 irresponsible and unaffordable lending on our website. And I’ve used this approach to help me decide Mr D’s complaint. Having carefully thought about everything I’ve been provided with, I’m not upholding Mr D’s complaint. I’d like to 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 Mr D 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, as part of the application process, asked Mr D's what his gross income was which he declared as £36,000 per year. However, it doesn't look like Oodle took any other steps to cross check or verify what it had been told.

In some circumstances that may have been reasonable but bearing in mind Mr D had declared he had only worked for his employer for one month, and considering the term and the monthly payments of the agreement has led me to conclude it would've been reasonable for Oodle to have checked his income.

Oodle also conducted a credit search before granting the agreement and it has provided a copy of the results that it received. I've considered these results to in order to see whether Oodle was given any indication that Mr D was or was likely having financial difficulties at the time of the agreement.

Oodle discovered Mr D had two active credit accounts and a loan account with a £34 balance which had been opened since 2017 and paid without any difficulties. While an account had been in significant arrears around 19 months before the Oodle agreement, it looks like Mr D had been able to reduce the balance by entering a payment arrangement – which was showing on the credit report.

Overall, Mr D had total existing debts of £323 which according to the credit file results led to monthly payments of around £8. It would've been reasonable for Oodle to have concluded that while there had been some payment problems in the past Mr D had a low amount of active debt the time of this application.

The credit search results wouldn't have indicated to Oodle that Mr D was currently having, or was likely to have in the near future, financial difficulties and so I don't think these results solely would've been sufficient to have led Oodle to carry out further checks or to have declined his application.

Oodle was also told by Mr D that he was co-habiting and he had lived at the same address for the last four years. Using the declared income and credit search results, Oodle then went about looking at Mr D's likely monthly expenditure taking account of the repayment and vehicle running costs, and Office of National Statistics data. Oodle hasn't shown exactly what sort of calculations it did or what the results it received, beyond saying the monthly payment for this agreement were below the maximum amount it would've offered to lend.

Therefore, like the investigator, I'm satisfied that Oodle's checks needed to go further before it approved Mr D's finance application in those circumstances where it hasn't provided the results of the expenditure check.

Oodle's checks could've gone further simply by asking Mr D what his actual living costs were rather than solely relying on statistical data either by asking for evidence from Mr D about his bills, obtaining other documentation or it could've asked for copy bank statements.

But to be clear, I've only used the open banking, bank spreadsheet and bank statements provided to get an idea of what Mr D's regular living costs are likely to have been at the time.

I've not done this because I think Oodle ought to have requested this information as part of underwriting this loan. After all, Oodle already had a reasonable idea about Mr D's existing credit commitments.

And, I only consider it fair and reasonable for Oodle to have discovered Mr D's living costs, I don't consider it should have made a full financial review looking into every aspect of his financial position, given the type and cost of the finance. I think this type of in-depth analysis would be disproportionate – certainly given the circumstances of this particular application.

I accept that had Oodle conducted proportionate checks it may not have seen all the information that I have seen. But, in the absence of Oodle conducting a proportionate check I do think it's fair and reasonable to consider the information I now have access to. And having looked at the statements I've come to the same conclusions as the Investigator for broadly the same reasons.

Firstly, Mr D's representative says the Investigator has overstated his monthly income. The information provided shows Mr D received an income every two weeks and the Investigator in their first assessment set out the amounts and averages – I can see these in the transaction sheet so I'm satisfied the income used by the Investigator for their assessment was accurate.

As the Investigator pointed out there were payments for rent, petrol, food and TV subscription services, existing car tax and I can also see a payment for council tax as well. With an average income of just under £2,300 per month then I think Oodle would've likely concluded this agreement was affordable for Mr D given what else it may have seen.

Bearing in mind this additional check wasn't intended to be a fully forensic review of Mr D's circumstances, then I think overall, given the living costs and expenditure that I can see in the data, Oodle would've thought – just thinking about Mr D's regular payments and living costs that he could've afforded the agreement.

I've therefore not upheld Mr D's complaint.

Finally, 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 Oodle lent irresponsibly to Mr D 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

For the reasons I've outlined above, I am not upholding Mr D's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 29 December 2025.

Robert Walker
Ombudsman