

The complaint

With the help of a professional representative (PR), Miss T complains that First Response Finance Limited lent to her irresponsibly. For ease I'll refer mainly to the actions of the PR as being those of Miss T.

What happened

Miss T entered into a hire purchase agreement (HP) with First Response to acquire a used car. The HP was agreed on the following terms:

Date	Amount of credit	Term	Monthly repayment	Total payable
25 July 2019	£6,078.34	61 months	£193.57	£11,807.77

On 17 December 2024, Miss T complained to First Response. She said “*a thorough assessment should have been carried out to assess [her] creditworthiness*”, but this was not done. As a result, she said the relationship between her and First Response was unfair, and the HP adversely affected her financial circumstances and mental health. To resolve the complaint, Miss T asked First Response to repay all the money she'd paid - including all interest and charges - along with interest to compensate her for loss of use of the money.

First Response looked into Miss T's complaint and issued a final response letter. It described the checks it had carried out including a credit check, a detailed income and expenditure assessment and income verification. It was satisfied that the agreement had been affordable for her and was happy to lend.

Miss T didn't accept what First Response said so she referred her complaint to our service. One of our investigators looked into it. He noted that First Response had obtained proof of income through a payslip and benefit statements, and had reviewed her credit file. It had made a reasonable estimate of her expenditure using information she had given as well as data provided by the Office of National Statistics (ONS).

Our investigator noted Miss T had an existing agreement with First Response and there had been some arrears on that. First Response explained that was while Miss T was changing jobs, she had been in contact with it throughout and the agreement was now up to date. Ultimately, our investigator felt the checks carried out were reasonable and proportionate and First Response had fairly lent to Miss T.

Miss T didn't agree with our investigator's opinion of the complaint, so 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.

First Response needed to carry out reasonable and proportionate checks to ensure that it didn't lend to Miss T 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 First Response carry out reasonable and proportionate checks to satisfy itself that Miss T was in a position to sustainably meet the repayments?
- If not, what would reasonable and proportionate checks have shown at the time?
- Did First Response make a fair lending decision?
- Did First Response act unfairly or unreasonably towards Miss T in some other way?

First Response had to carry out reasonable and proportionate checks to satisfy itself that Miss T would be able to repay the HP sustainably. It's not about it assessing the likelihood of it being repaid, but it had to consider the impact of the repayments on her. 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 HP, the amount of the repayments and the overall circumstances of the borrower.

As First Response said in its answer to the complaint and set out by our investigator, it undertook a number of steps to satisfy itself the HP would be affordable for Miss T. This included obtaining evidence directly from Miss T to verify her income and some of her expenditure. I can see from the notes provided that it spoke to her directly. Based on that information and what it found from her credit file, First Response calculated she had a monthly income of £1,828, expenditure of £908 and a monthly disposable income of £680.

Miss T's credit file showed she had encountered some financial difficulties in the past. She had a County Court Judgement which had been registered in 2015 and was settled. She had three defaulted accounts, the most recent of which had been registered two years before this application. First Response considered these difficulties to be historic and her other credit – including an agreement with it – was up to date.

First Response describes itself as specialising in lending to people who have an impaired credit rating. So I wouldn't expect it to have been concerned about the historic issues showing on Miss T's credit file.

Taking all this into account, I think the checks First Response carried out were reasonable and proportionate in the circumstances. Given what it knew and what it found as a result of those checks, I think it reached a fair decision to lend to her.

Did First Response act unfairly or unreasonably towards Miss T in some other way?

I can see that Miss T made all the repayments to the account on time and repaid the HP early. I've carefully read the notes on the account and can't see that she ever contacted First Response with any concerns about making the repayments. I've seen nothing to suggest that First Response treated Miss T unfairly in some other way.

For the reasons I've already given, I don't think First Response lent irresponsibly to Miss T or otherwise treated her unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A of the Consumer Credit Act 1974 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 Miss T to accept or reject my decision before 10 October 2025.

Richard Hale
Ombudsman