

Complaint

Ms H complains that Black Horse Limited (“Black Horse”) unfairly entered into a hire-purchase agreement with her. She’s said that the monthly payments to this agreement were unaffordable and so she shouldn’t have been lent to.

Background

In February 2019, Black Horse provided Ms H with finance to facilitate the purchase of a used car. The purchase price of the vehicle was £11,227.53 and Ms H also purchased extras worth £1,368.00 meaning that the total amount of the transaction was £12,595.53. Ms H paid a deposit of £1,497.06 and entered into a hire-purchase agreement with Black Horse, which had a term of 60 months, for the remaining funds she needed to complete her purchase.

The total amount lent was £11,148.47 and the loan had total charges of £2,583.33. The total charges were made up of what were essentially interest charges of £2,573.33 and a £10 option to purchase fee. This meant that the balance to be repaid of £12,373.80 (not including Ms H’s deposit) was due to be repaid in 60 monthly instalments of £229.03.

Ms H’s complaint was considered by one of our investigators. She didn’t think that Black Horse had done anything wrong or treated Ms H unfairly. So she didn’t recommend that the complaint should be upheld.

Ms H 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 Ms H’s complaint.

Having carefully considered everything, I’ve decided not to uphold Ms H’s complaint. I’ll explain why in a little more detail.

Black Horse needed to make sure that it didn’t lend irresponsibly. In practice, what this means is that Black Horse needed to carry out proportionate checks to be able to understand whether any lending was sustainable for Ms H 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.

Black Horse says it agreed to Ms H's application after Ms H provided details of her monthly income and her rent or mortgage payments. It says it also carried out searches with credit reference agencies which not only showed that Ms H's bank account received monthly credits consistent with the income she declared, but also that Ms H had no recent significant adverse information such as defaults or County Court Judgements ("CCJ") recorded against her. And the credit that Ms H did have outstanding was well maintained.

In Black Horse's view, when the amount owing plus the amount Ms H declared for her living expenses were deducted from her monthly income, the monthly payments were affordable. On the other hand, Ms H says that these payments were unaffordable and there was no way she was going to be able to maintain them.

I've thought about what Ms H and Black Horse have said.

The first thing for me to say is that the information Black Horse obtained at the time does suggest that it was reasonable for it to conclude that when Ms H's committed regular living expenses and existing credit commitments were deducted from what she received each month, she did have the funds, at the time at least, to sustainably make the repayments due under this agreement.

For the sake of completeness, I should add that at best, even if I were to accept that further checks were necessary, which I'm not necessarily persuaded is the case here, any such checks would only have gone as far as finding out more about Ms H's regular living costs. And, I've not been provided with anything to indicate that Ms H's actual living expenses significantly differed from the combination of statistical data and declared information that Black Horse relied on.

I also have to keep in mind that Ms H's most recent submissions are being made in support of a claim for compensation and any explanations she would have provided at the time are more likely to have been with a view to persuading Black Horse to lend to her, rather than highlighting any unaffordability. As this is the case, it's difficult for me to conclude that Ms H would have provided information demonstrating that she couldn't afford the payments, if Black Horse had carried out further checks.

It's only fair and reasonable for me to uphold a complaint in circumstances where a lender did something wrong. And I don't think that Black Horse could possibly be expected to have realised that this agreement might have been unaffordable for Ms H, given what I've been provided with now doesn't support this being the case.

In reaching my conclusions, I've also considered whether the lending relationship between Black Horse and Ms H might have been unfair to Ms H under section 140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I don't think Black Horse irresponsibly lent to Ms H or otherwise treated her unfairly. And I haven't seen anything to suggest that section 140A CCA or anything else would, given the facts of this complaint, lead to a different outcome here.

Overall and having carefully considered everything, while there is an argument for saying that Black Horse's checks were proportionate, I've, in any event, not been persuaded that

further checks would have stopped Black Horse from providing these funds, or entering into this agreement with Ms H.

So while I've considered everything that Ms H has said, I don't think that Black Horse acted unfairly or unreasonably towards her. And I'm not upholding this complaint. I appreciate that this will be disappointing for Ms H. But I hope she'll understand the reasons for my decision and at least consider that her concerns have been listened to.

My final decision

My final decision is that I'm not upholding Ms H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms H to accept or reject my decision before 17 November 2025.

Jeshen Narayanan
Ombudsman