

## **The complaint**

Mr R says RCI Financial Services Limited trading as Renault Finance ('RCI') irresponsibly lent to him. He says it didn't take reasonable steps to ensure he could afford the repayments towards a hire purchase agreement to purchase a car. He says that the relationship was unfair due to the lack of creditworthiness assessments and if better assessments had been made it wouldn't have lent to him as he was spending more than his income.

Mr R's complaint has been brought by a representative and I've referred to Mr R and the representatives' comments as all being from Mr R for ease of reading.

## **What happened**

This complaint is about a hire purchase agreement Mr R took out to purchase a car in March 2021. The vehicle had a retail price of £11,295. Using rounded amounts Mr R paid a £701 deposit meaning £10,594 was financed. This agreement was to be repaid through 48 monthly instalments of £180 and a final repayment of £4,646. If Mr R made repayments in line with the credit agreement, he would need to repay a total of £14,009.

RCI has considered this complaint, and it didn't uphold it. It thought it'd performed a reasonable and proportionate creditworthiness assessment, which showed that Mr R could afford the lending. Mr R didn't agree with this and brought his complaint to the Financial Ombudsman Service.

Our Investigator didn't uphold Mr R's complaint. He couldn't say that the checks RCI made were proportionate as it hadn't provided full information about these. But he thought that if it had made better checks, it would've seen that the credit was affordable.

Mr R didn't agree with the Investigator. He provided an open banking report, and bank statements, that showed he spent significantly more than his income each month. Because Mr R didn't agree, this matter has been passed to me to make a final 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.

When someone complains about irresponsible and/or unaffordable lending, there are two overarching questions I need to consider when deciding what's fair and reasonable in all of the circumstances of the complaint. These are:

1. Did RCI complete reasonable and proportionate checks to satisfy itself that Mr R would be able to repay the credit in a sustainable way?
  - a. if so, did RCI make a fair lending decision?
  - b. if not, would reasonable and proportionate checks have shown that Mr R could sustainably repay the borrowing?

## 2. Did RCI act unfairly or unreasonably in some other way?

And, if I determine that RCI didn't act fairly and reasonably when considering Mr R's application, I'll also consider what I think is a fair way to put things right.

### Did RCI complete reasonable and proportionate checks to satisfy itself that Mr R would be able to repay the credit in a sustainable way?

There's no set list for what reasonable and proportionate checks are, but I'd expect lenders to consider things such as the amount, duration, and payments of the finance being applied for, as well as the borrowers' personal circumstances at the time of each application.

RCI has explained it asked Mr R what his income was. But it's not been able to say what it found out, and it's not said that it verified this at all. It has also said that it checked Mr R's credit file, and it found out that he had no adverse repayment information. It said it put the information it gained into a scorecard and Mr R scored highly enough to pass its lending criteria. RCI hasn't provided the data or scorecard information about this. And RCI has said that it calculated Mr R's estimated disposable income but, again, it's not explained how it did this or shown the results of this calculation.

So, whilst RCI has outlined the checks it said it did, it hasn't been able to fully evidence the checks themselves, it only has a summary of the process it followed (or would have followed). So, I can't be certain of what it considered before lending. Given this I don't think I can say the checks that RCI says it did were reasonable or proportionate.

### Would reasonable and proportionate checks have shown that Mr R would be able to repay the credit in a sustainable way?

I've gone on to consider what RCI would likely have found had reasonable and proportionate checks been carried out.

Mr R has provided copies of his bank statements and an open banking report for the period just before the lending. While I wouldn't have expected RCI to have asked Mr R for copies of these, I'm satisfied that this information would give a good indication of what RCI would likely have taken into consideration had it asked Mr R to verify, or provide more information about, his income and committed expenditure during that specific period.

Our Investigator calculated Mr R's income and expenditure from his banking information. This showed that he was earning just under £2,300 a month. He had fixed costs of about £450 a month and he transferred just over £500 to another account (not owned by him) which our Investigator thought was probably for living or housing costs.

Mr R had some other debt. He paid just over £300 into what looks to be a credit card and just under £500 to mortgage provider. He also paid about £100 a month to other credit.

All of this shows that Mr R had just under £450 a month left over to repay the finance. Having looked at all these calculations I agree they are reasonable and show that the finance would appear to be affordable.

Mr R says that he was spending over £4,000 a month more than his income. But the information I have shows he had either taken out a loan, or used some savings, (it's not clear which – and this isn't important) to repay a credit card balance of just under £9,000. And Mr R averaged out this repayment over the three months before he took the loan. But, I think this is misrepresentation of this transaction, as it doesn't show that Mr R was, month in month out over a longer period, paying £4,000 more than his income. He clearly wasn't doing this.

Mr R did have some debt, and he may have reconstructed or consolidated these this just before the car finance. The transaction above does indicate this is what happened. This could be a concern, so I've looked at his bank statements to see if Mr R was struggling generally. But there were no signs of this in his current accounts. He seems to be living within his means and there are no missed payments or other signs of financial difficulty.

Mr R, via his representative, has complained that he found the payments difficult and stressful. He says he missed payments to the agreement and had an illness that affected his ability to repay. Amongst other things.

But the hire purchase statement shows that Mr R didn't have any problems repaying the finance and it was settled with no missed or late payments. And Mr R completed a questionnaire at the request of his representative. In this he confirmed that his circumstances didn't change during the term of the agreement, that he didn't struggle to make the repayments, that the finance didn't affect his mental wellbeing and he thought it was affordable. I appreciate the straightforward way Mr R answered these questions, but it does mean that his complaint about ongoing financial difficulty seems to be without foundation.

And, as our Investigator also said, I've not seen that Mr R was pressured to take the loan by RCI.

So, and while I appreciate this will come as a disappointment to Mr R, I'm satisfied that, had RCI carried out reasonable and proportionate checks, I think that it's likely that it would have found the finance to be sustainably affordable.

#### Did RCI act unfairly or unreasonably in some other way?

I have 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 it lent irresponsibly to Mr R 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.

I haven't seen anything to make me think RCI acted unfairly or unreasonably in some other way.

#### **My final decision**

For the reasons set out above, I don't uphold Mr R's complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 25 November 2025.

Andy Burlinson  
**Ombudsman**