

The complaint

Ms D complains Toyota Financial Services (UK) PLC trading as Toyota Financial Services (“Toyota”) irresponsibly lent to her.

What happened

Ms D had two agreements with Toyota. The first was in February 2020 for £14,255.65 to be repaid over 48 months with a monthly repayment amount of £216.45. Ms D part exchanged a previous vehicle and paid a £100 cash deposit.

The second finance agreement was in April 2021. Again there was a part exchange but no cash deposit this time. Ms D was borrowing £21,084.04 to be repaid over 48 months with a monthly repayment amount of £279.82.

In September 2024, Ms D complained to Toyota. She said they didn’t conduct proper affordability assessments, and therefore it was unfair to lend to her.

Toyota issued their final response letter in October 2024. They rejected the complaint saying they did do reasonable and proportionate assessments prior to both lending decisions and did checks with Credit Reference Agencies (CRA) and were satisfied the loans were affordable for Ms D.

Ms D didn’t agree, and so she referred her complaint to our Service in February 2025. An Investigator here looked into things. They felt that Toyota’s checks weren’t proportionate – Ms D’s CRA information was in good standing, but they hadn’t asked her any information about her expenditure. To work out what proportionate checks might have shown, they reviewed Ms D’s current account statements from the time, and found that the lending decision was fair based on her income and expenditure.

In response to the opinion, Ms D said she was always utilising and often exceeding her overdraft limit in the lead up to the lending decisions, and Toyota should’ve done a full review of her statements prior to lending rather than just an income and expenditure assessment. She said she had far less disposable income than the Investigator had calculated.

Because an agreement couldn’t be reached, the complaint has been passed to me to decide.

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.

Having done so, I’ve reached the same outcome as the Investigator. I know this is likely to disappoint Ms D, so I’ll explain my reasoning in more detail below.

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

Toyota said they decided to lend to Ms D on both occasions after just carrying out a credit check. Ms D wasn't asked any questions about her income and expenditure.

I don't believe the checks carried out were proportionate to the lending being provided. Ms D was required to make significant monthly payments over four years and in my view, it's difficult to see how a firm could understand what a customer can afford a month without knowing what their salary is or basic outgoings are.

Loan one

Ms D was working as a 'Bar Worker' at the time of application and her credit check was positive. She had a car finance loan with monthly repayments of £179 per month that had been managed well, and this agreement was replacing that one. She had one other loan that had monthly repayments of £34 and a credit card with a limit of £1,400 of which Ms D was using around £600 at the time of application.

Because Toyota didn't obtain information about Ms D's income and expenditure at the time, the best way for us to now piece together what it might have looked like if they had is to review Ms D's current account statements from the time. This isn't because we would have expected Toyota to review the statements in full, it just gives us a clear picture of Ms D's income and expenditure.

Having reviewed the statements, I can see Ms D was earning on average around £1,600 in the lead up to the lending. After her committed expenditure as well as groceries and fuel she was left with around £550 per month, which I believe is more than enough disposable to afford the agreement with Toyota.

I appreciate what Ms D has said regarding her actual financial picture being a lot worse, and repeated use of the overdraft, but I don't think Toyota needed to review her statements in full so they wouldn't have been aware of this. I acknowledge Ms D did have bounced direct debits, particularly important is the one for the previous car finance, however this wasn't reported to the CRA's and I can't hold Toyota responsible for that.

So, overall while I think Toyota's checks weren't proportionate, I'm satisfied that had they carried out proportionate checks, they more likely than not still would've lent to her.

Loan two

For the second loan, Toyota carried out the same level of checking – a CRA check. As explained above, for the same reasons, I don't believe this was proportionate.

So, again, I've reviewed Ms D's statements from the time. On average, Ms D was earning around £1,700 per month and after her committed expenditure, food and fuel she was left with around £650 disposable income, which I believe is enough to afford the new agreement.

When considering lending complaints, there are no specific checks that lenders must complete before approving an application for credit. The rules set out by the regulator merely state that checks should take place and that they should be proportionate to the type and amount of credit being provided. But there is no obligation on lenders to ask to see bank statements, so Toyota didn't make an error when they didn't automatically ask to see Ms D's bank statements before approving the applications. I don't doubt that Ms D was struggling, but this wasn't evident to Toyota and I don't think they ought reasonably to have been aware.

In reaching my conclusions, I've also considered whether the lending relationship between Ms D and Toyota might have been unfair to Ms D under s140A of the Consumer Credit Act 1974 ("CCA"). However, for the reasons I've already explained, I'm satisfied that Toyota did not lend irresponsibly when providing Ms D with the loans. And I haven't seen anything to suggest that s140A CCA would, given the facts of this complaint, lead to a different outcome here.

So while it'll likely come as a disappointment to Ms D, I won't be upholding her complaint against Toyota for the reasons explained above.

My final decision

It's my final decision that I do not uphold Ms D's complaint against Toyota Financial Services (UK) PLC trading as Toyota Financial Services.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms D to accept or reject my decision before 7 November 2025.

Meg Raymond
Ombudsman