

The complaint

Mr B complains that Tandem Motor Finance Limited trading as Tandem ('Tandem') irresponsibly entered into a hire purchase agreement with him. He says Tandem didn't carry out enough checks to ensure the loan was affordable for him. Mr B also says there are problems with the car, and he's unhappy that Tandem won't let him reject it.

What happened

In September 2024 Tandem provided Mr B with finance to purchase a used car. The car was around nine years and nine months old, and an MOT undertaken at the time Mr B acquired the car showed it had around 45,015 miles on the odometer. The car cost £8,500 and Mr B entered into a hire purchase agreement to finance the full amount. After interest and charges the total amount due was £13,342.60, repayable in 59 monthly instalments of £222.21 followed by a final repayment of £232.21.

Mr B said the car's engine was over-revving, the gears didn't work as they should, and the brakes were fully worn. He returned the car to the supplying dealership (who I'll call 'A' going forward) the day after he acquired it. Mr B asked both A and Tandem to accept rejection of the car. A said they couldn't identify a fault with the car, so they didn't agree to take it back. Mr B then complained to Tandem. He said, in summary, that A told him he could reject the car within 14 days if there was a problem. And he raised concerns about the affordability of the finance agreement. Mr B said he's dyslexic and struggles with written information.

Tandem said the dealer had a right to repair the car and tried to arrange for an inspection of the car. Mr B didn't think this was necessary as he'd returned the car within the 14-day cooling off period. In their final response letter dated 27 September 2024 Tandem said A inspected the car and couldn't find a fault with it. They explained that Mr B couldn't reject the car, but that he could withdraw from the finance agreement. This would involve returning the loan advance together with any interest that had accrued.

Mr B said Tandem hadn't considered what he'd said about his income at the time and that the agreement wasn't affordable. Tandem investigated and provided a further final response on 1 October 2024. They set out the checks they'd undertaken before agreeing to lend to Mr B. And Tandem said those checks showed the agreement was affordable. So, they didn't uphold Mr B's complaints.

One of our Investigators considered Mr B's complaint. He didn't think the complaint should be upheld. In the Investigator's view Tandem had carried out proportionate checks before agreeing to lend to Mr B. And he said Tandem reached a fair lending decision based on the information available to them. Turning to the satisfactory quality of the car, the Investigator said he didn't have evidence to show there was a fault with the car. And so, Mr B didn't have the right to reject the car.

Mr B didn't agree with our Investigator. He said, in summary:

- His only income was benefits, so the income Tandem used to assess the affordability of the repayments seemed fabricated

- He doesn't have a credit history due to his age
- Tandem carried out their checks after they'd agreed to lend to him
- He shared his medical information with Tandem, but they are still refusing to unwind the finance agreement
- The MOT was undertaken the day after he signed the finance agreement, which seemed suspicious
- In any event, the MOT wouldn't have looked at the engine overrevving or the gearbox
- A took advantage of him and sold him a car that was overpriced by £4,000 as well as faulty – and Tandem simply approved the finance agreement without undertaking any checks.

Our investigator considered what Mr B said, but ultimately it didn't change his opinion. Mr B asked for an Ombudsman's decision – and the complaint has come to me.

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.

I was sorry to hear of the impact what's happened had on Mr B. I realise my final decision will likely come as disappointing news but based on the information I've seen I've decided not to uphold his complaint. I'll explain why below.

Before I do so, I think it would be helpful to set out what I can consider as part of this decision. I note Mr B is extremely unhappy about A. While A was acting as a credit broker when arranging the agreement with Tandem, they weren't acting as an agent for Tandem in all matters. I say this because A could have sold the car to Mr B without arranging finance, or by arranging finance with another lender. So, while I may comment on A's actions where they're relevant to credit broking activities, I won't comment on A's non-credit broking activities, as these have no bearing on Tandem. This includes (but isn't limited to) A's pricing of the car or their decision not to take the car back.

Tandem's lending decision

The Financial Conduct Authority (FCA) sets out in a part of its handbook known as CONC what lenders must do when deciding whether to lend to a consumer. In summary, a firm must consider a customer's ability to make repayments under the agreement without having to borrow more to meet repayments or default on other obligations, and without the repayments having a significant adverse impact on the customer's financial situation.

CONC says a firm must carry out checks which are proportionate to the individual circumstances of each case. What's proportionate depends on the specific circumstances of each application. I'd expect lenders to think about the nature of the credit (the amount repayable and the term, for example) and about the applicant's individual circumstances. I'd expect a lender to find out more about a prospective borrower's ability to repay if for example, a borrower's income was low, the amount lent was high, or the borrower's credit file reveals an impaired credit history.

Were Tandem's checks proportionate?

Mr B said Tandem didn't carry out any affordability checks, or that those checks were carried out after they'd agreed to lend to him. My starting point here was to look at the electronically signed agreement. This shows the date and time of the signatures as 1 September 2024 at 3:11pm. Tandem have sent me a copy of the searches they undertook. This, too, is date

stamped. I can see that the credit check was carried out on 1 September 2024 at 1:01pm. Based on the evidence I've seen I'm satisfied that Tandem carried out their checks before deciding to lend.

Tandem provided me with a copy of Mr B's finance application. Mr B declared that he was single and living with parents. He said he'd been employed for more than three years and declared a net monthly income of £2,300. CONC 5.2A.15R requires a firm to take reasonable steps to determine or make a reasonable estimate of the customer's current income unless the firm can demonstrate that it's obvious in the circumstances that the customer is able to make the repayments. Tandem said they verified Mr B's income using an automated tool provided by one of the credit reference agencies (CRA). The results of that check indicated that the income Mr B had declared was likely to be correct. I'm satisfied Tandem did enough to verify Mr B's income.

I've already mentioned that Tandem carried out a credit check. I've seen a summary of the results the credit check returned. These show Mr B had no defaults, County Court judgments or other adverse information recorded on his credit file. It further showed he had no existing credit commitments. Mr B said he didn't have a credit history due to his age. But not having a credit history doesn't automatically mean a lender is required to undertake additional checks. Instead, I'd expect a lender to take into account all other relevant information when deciding what is proportionate in the circumstances of each individual case.

Here, Tandem went on to use data from the Office of National Statistics (ONS) to estimate Mr B's cost of living and made an allowance for rent to his parents. CONC allows a firm to rely on statistical data to estimate a customer's expenditure unless they have reason to believe the statistical data might not be appropriate in the circumstances. I haven't seen anything to suggest that the use of statistical data wasn't appropriate here.

The statistical data Tandem obtain suggested Mr B's cost of living was around £818 per month. Tandem also included £200 as a monthly contribution towards rent. Overall Tandem calculated that Mr B's likely monthly committed expenditure was around £1,018. Deducting this from the verified income of £2,300 would leave Mr B with around £1,282 in disposable income from which to make the monthly repayments required under the agreement.

Mr B said his sole source of income was state benefits and this was significantly less than Tandem says he earned. Tandem based their checks on information provided by Mr B at the time of the application. I think it was reasonable for Tandem to rely on the answers Mr B gave. Importantly here, Tandem were able to independently verify what Mr B had said.

Based on what I've seen I'm satisfied Tandem's checks were proportionate in the circumstances of Mr B's application. I say this because there was nothing in the information they gathered that ought to have raised concern about Mr B's ability to repay the agreement in a sustainable manner. I haven't seen anything to suggest Tandem needed to carry out further checks.

Did Tandem make a fair lending decision?

Having concluded that Tandem's checks were proportionate. I've gone on to consider if they made a fair lending decision. Mr B had no credit history so there wasn't anything there to suggest that Tandem shouldn't lend to him.

Given what Tandem was able to establish about Mr B's financial circumstances I think they could reasonably have concluded that Mr B's income outweighed his existing committed expenditure and the payments he'd have to make under this agreement. For that reason, I'm satisfied that Tandem carried out proportionate checks and fairly decided to lend to Mr B.

Did Tandem act unfairly in any other way?

I've also considered whether Tandem acted unfairly or unreasonably in some other way given what Mr B has complained about, including whether their relationship with Mr B might have been unfair under s.140A Consumer Credit Act 1974.

However, for the reasons I've already given, I don't think Tandem lent irresponsibly to Mr B 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.

Unwinding the agreement

Mr B said A told him that he could return the car within 14 days of acquiring it if there was a problem. He returned the car to them well within the 14-day period. He's unhappy that Tandem won't unwind the agreement even though he's told them that he is dyslexic and has learning difficulties. He said this makes it difficult for him to read legal documents.

I've considered this carefully. As far as I can see, Mr B didn't tell Tandem (or A) about his additional needs until he raised his complaint. And I haven't seen anything else to suggest that either A or Tandem knew, or ought to have reasonably known, that Mr B may require additional support. It's not fair or reasonable to expect Tandem to have acted on information they were unaware of at the time. I can see from Tandem's internal complaint notes that once Mr B informed Tandem of his additional needs that they tried calling him to discuss how he'd like to communicate with them. I think that was reasonable in the circumstances.

Turning now to Mr B's request to withdraw from the agreement. I think it's important here to bear in mind that Mr B essentially entered into two separate agreements when he acquired the car. He agreed to buy the car from A; and he entered into an agreement with Tandem to finance that purchase.

I've reviewed the hire purchase agreement. This says:

You have the right under section 66A of the Consumer Credit Act 1974 to withdraw from this agreement without giving any reasons before the end of 14 days beginning with the day after the later of (i) the day on which the agreement is made, or (ii) the day on which you receive a copy of the executed agreement or (iii) the day on which we advise you in writing that the agreement has been executed in identical terms to the unexecuted version (a copy of which has already been given to you) and that you have the right to request a copy of the executed agreement prior to the end of the withdrawal period.

You can exercise this right by writing to us, calling or emailing us using the contact details above. Withdrawal from the hire purchase agreement does not affect the contract for your purchase of the Vehicle. If you withdraw you must return any monies borrowed by you within 30 days of the date you withdraw. You must also repay any interest that has accrued up to the date on which you make repayment at the contractual rate of £2.65 per day. [...]

The general intention of section 66A of the Consumer Credit Act and giving the consumer an opportunity to withdraw from a credit agreement is to allow the consumer to arrange alternative finance shortly after taking out the credit agreement. This might be where the consumer has found alternative finance on more favourable terms and the consumer can essentially then use the new finance to settle the first finance agreement when withdrawing from that agreement. Withdrawal only relates to the credit agreement and is not a mechanism for returning the car, or any other goods supplied under the credit agreement.

From what I've seen Mr B first got in touch with Tandem on 11 September 2024 – so within the 14-day period set out above. He also sent an email the next day saying A told him he could return the car within two weeks, and he'd done that. I don't think Mr B made it clear he wanted to withdraw from the agreement. Even if Mr B's initial contact with Tandem could be seen as him exercising his right to withdraw from the agreement, then he was still required to repay the amount outstanding within 30 days, which he didn't do.

This is because withdrawing from the agreement is different to returning the car. In other words, it's possible for a customer to withdraw from a finance agreement, using other means to repay the amount owed, and keep the car. Withdrawing from the agreement would result in the credit agreement being cancelled, once the amount due had been settled. But it would not cancel the contract Mr B entered into with A to acquire the car. Successfully withdrawing from the credit agreement would not therefore allow Mr B to hand back the car.

I understand that Mr B may not have been able to repay the amount owed under the agreement without returning the car. But unless the car was not of satisfactory quality, which I will address below, the decision to accept the car back rests with A – not Tandem. I can see from Tandem's complaint notes that they contacted A to check if they'd be prepared to take the car back. I think that was reasonable in the circumstances. I appreciate that A's refusal to accept the car back has left Mr B in a difficult position. However, I can't reasonably hold Tandem responsible for this.

Quality of goods

The Consumer Rights Act 2015 (CRA) is relevant here. It says, amongst other things, that the supplier, (in this case Tandem), needs to make sure that goods are of satisfactory quality at the point of supply. When considering what amounts to satisfactory quality, the standard applied is that of a 'reasonable person'. In other words, what a reasonable person would consider satisfactory taking into account any description of the goods, the price and all the other relevant factors. In cases involving a car, I think it's likely that the relevant factors a court would take into account might include things like the cost, age and mileage at the time of supply.

Here, Mr B acquired a used car that cost £8,500. It was around nine years and nine months old and had around 45,015 miles on the odometer. I think a reasonable person would expect a car of that age and mileage to have more wear and tear than a new car. And that it may need repair or maintenance sooner than a newer car would.

So, what I need to consider here is whether the car was of satisfactory quality at the time it was supplied. Mr B said he started experiencing problems with the car shortly after he picked it up. He said the car's engine was over-revving, the gears didn't work as they should, and the brakes were fully worn.

I note that an MOT was undertaken on 2 September 2024. This was recorded as a pass without any advisories. If the brakes were fully worn, as Mr B says, I'd have expected the MOT to have recorded this. Mr B said it was suspicious that the MOT was undertaken the day after he signed the finance agreement. I can see that the car's MOT wasn't due for

another two months, so I can understand why Mr B might question the timing. But I don't think there's anything suspicious about it. Some dealerships offer free MOTs at the time of purchase as an added extra, allowing the car to be supplied with a full year's MOT. Also, many consumers are reluctant to acquire a used car with a very short MOT period remaining, which is again why it is not uncommon for the MOT to be done once the sale is agreed.

I don't think that undertaking the MOT early was an attempt to conceal pre-existing faults with the car. As Mr B said himself, the MOT wouldn't have looked at the engine overrevving and the gearbox. Mr B told Tandem about those concerns in September 2024. I can see from Tandem's complaint notes that they contacted A about the faults Mr B reported. A said they asked Mr B to recreate the problems he'd been experiencing, but that he couldn't do so. And that an inspection of the car didn't establish any faults with it.

Tandem then decided to instruct a third party to carry out an inspection of the car. I think that was reasonable. This is because there were conflicting accounts about the condition of the car they'd supplied to Mr B. And Tandem needed to determine what, if anything, was wrong with the car to determine the most appropriate remedy.

Mr B didn't agree to the inspection because he decided he no longer wanted the car. But Mr B doesn't have an automatic right to reject the car under the CRA. The right to reject is only applicable in certain circumstances when the car is found to have not been of satisfactory quality. I haven't been provided with independent evidence to show the car was actually faulty at the time it was supplied to Mr B, or therefore that it was not of satisfactory quality when it was supplied. On that basis I can't fairly conclude that Mr B was entitled to reject the car, or that Tandem should have accepted his request to reject the car. In the circumstances, I'm not persuaded Tandem needs to do anything differently to resolve this complaint.

Conclusion

For the reasons set out above, I'm satisfied that Tandem carried out proportionate checks and fairly decided to lend to Mr B. Although Mr B returned the car to the dealership, he didn't withdraw from the finance agreement, and so I'm not persuaded Tandem made a mistake here. And based on what I've seen, there is insufficient evidence to demonstrate the car was not of satisfactory quality when it was supplied to Mr B. In summary, I'm not upholding this complaint.

My final decision

I don't uphold this complaint against Tandem Motor Finance Limited trading as Tandem.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 16 October 2025.

Anja Gill
Ombudsman