

The complaint

Mr I complains through a representative that Oodle Financial Services Limited (“Oodle”) gave him a hire purchase agreement without carrying out sufficient affordability checks. Mr I has also said the relationship was unfair.

What happened

In July 2019, Oodle provided Mr I with a hire purchase agreement for a used car through a credit intermediary. The cash price for the vehicle was £20,389 and no deposit was paid. The total amount of interest, fees and charges was £7,746 and Mr I had a total to repay of £28,135. Mr I had to repay the agreement through one payment of £517.25 followed by 58 payments of £467.25 followed by a final payment of £517.25.

The statement of account shows the car was repossessed and then sold and payment was made to reduce the account balance in May 2022. The outstanding balance was then sold to third party in January 2023.

Oodle issued a final response letter about Mr I’s complaint in May 2024, and it didn’t uphold the complaint. Mr I’s representative then referred the complaint to the Financial Ombudsman.

Mr I’s complaint was then considered by an investigator who said the credit check results indicated possible recent financial difficulties and so it ought to have reviewed what Mr I’s monthly outgoings were rather than relying on statistical data. However, even if further checks were conducted into Mr I’s living costs, then Oodle would’ve still lent to him.

Mr I’s representatives didn’t accept the findings saying at the time of the agreement he wasn’t working and had Oodle requested payslips it would’ve realised this. These comments didn’t change the investigator’s assessment and so the complaint has been passed to an ombudsman 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 explained how we handle complaints about irresponsible and unaffordable lending on our website. And I’ve used this approach to help me decide Mr I’s complaint. Having carefully thought about everything I’ve been provided with I’m not upholding Mr I’s complaint. I’d like to explain why in a little more detail.

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

Oodle as part of the application process took details of Mr I's income which he declared was £35,000 per year – gross from full time work. Oodle says at the time, all applications were subject to an income check through a tool provided by a credit reference agency. It says the results it received indicated that what Mr I declared was likely accurate and so it didn't look to verify the income any further.

Whereas Mr I has said he wasn't working at the time and so had no regular income. But, I have to consider that he approached the dealer for a car and told Oodle he was working and received an income. Oodle's check also didn't suggest the income he declared was inaccurate. So, while Mr I may not have been working at the time, Oodle was entitled to believe what Mr I told it and the results of its check. It was therefore reasonable for Oodle to believe Mr I's gross annual income was £35,000.

Oodle was also told, that Mr I lived at home with parent(s) and had lived at the same address for 11 years. Taking the income and residential status Oodle says it then used information extracted from the Office of National Statistics to work out Mr I's living and housing costs. However, Oodle, hasn't been able to provide us exactly what calculations it carried out and what those calculations showed. But it did say the monthly repayment Mr I was committed to paying was smaller than the maximum amount its calculations showed that Mr I could afford.

Oodle conducted a credit search before granting the agreement and it has provided a copy of the results that it received. I've considered these results to in order to see whether Oodle was given any indication that Mr I was or was likely having financial difficulties at the time the agreement was granted.

The credit search results, wouldn't have, been overly concerning for Oodle – but there were some recent adverse payment markers. Mr I had two current accounts that had been well maintained. But he also had a credit card, mobile phone account and an existing HP agreement – all of which had generally been well paid. But all of these accounts had recent missed payment markers from around four months before the start date of this agreement.

There was a default recorded in 2013, and so it was reasonable for Oodle to consider this to be historic and not investigated this further.

I've therefore concluded, like the investigator, that the checks needed to go further before approving the finance. In those circumstances it just wasn't fair nor reasonable to have relied on statistical data to determine what his likely living costs were with recent impaired credit history.

Oodle's checks could've gone further simply by asking Mr I what his actual living costs were rather than solely relying on statistical data either by asking for evidence from Mr I about his bills, obtaining other documentation or it could've asked for copy bank statements.

But to be clear, I've only used the open banking and bank statements provided to get an idea of what Mr I's regular living costs are likely to have been at the time. I've not done this because I think Oodle ought to have requested this information as part of underwriting this loan. After all, Oodle already had a reasonable idea about Mr I's existing credit commitments and his income.

I accept that had Oodle conducted proportionate checks it may not have seen all the information that I have seen. But, in the absence of Oodle conducting a proportionate check I do think it's fair and reasonable to consider statements that I now have access to. And having looked at the statements I've come to the same conclusions as the investigator for broadly the same reasons.

Having looked at the statements I can see a number of regular payments including for the existing HP agreement, car finance payments, TV subscription service, payment to a debt collector and car insurance. These existing costs come to around £1,000 per month.

With the checked income of £35,000 per year Oodle would've been comfortable that the payments to this agreement were affordable.

Bearing in mind this additional check wasn't intended to be a fully forensic accounting review of Mr I's circumstances, then I think overall, given the living costs and expenditure that I can see in the bank statements, Oodle would've thought – just thinking about Mr I's regular payments and living costs that he could've afforded the agreement.

Mr I has said that the information he provided as part of the application wasn't accurate. And while that may be the case, given the checks Oodle did do and the results of what I consider to be a proportionate check, it wouldn't likely have discovered these discrepancies. I therefore can't uphold the complaint, for the reasons given above.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Oodle lent irresponsibly to Mr I 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.

My final decision

For the reasons I've explained above, I'm not upholding Mr I's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 24 July 2025.

Robert Walker
Ombudsman