

The complaint

Mr S complains Oodle Financial Services Limited trading as Oodle Car Finance (Oodle) irresponsibly lent because it didn't carry out reasonable and proportionate checks to ensure the lending was affordable for him.

What happened

Mr S took out a hire purchase agreement with a loan for insurance products/extras on 21 February 2022 in order to acquire a used car. The cash price of the car was £10,945 and the extras were £399. Mr S didn't make an advanced payment. Mr S was to make an initial payment of £288.70, 58 monthly payments of £238.70 and a final payment of £288.70. The total amount payable was £16,122.

Mr S is represented in his complaint but for ease of reading, I'll simply refer to Mr S throughout my decision. Mr S complained to Oodle about the lending decision on 13 December 2024. He felt the checks carried out hadn't been reasonable and proportionate. As a result of this, he felt Oodle had created an unfair relationship under Section 140A of the Consumer Credit Act 1974.

Oodle responded to the complaint on 23 December 2024. It felt the checks it completed had been reasonable and proportionate and that it made a fair lending decision based on the information obtained.

Mr S remained unhappy with Oodle's response and asked our service to look into things. Our Investigator reviewed the complaint and explained why he didn't think Oodle had lent irresponsibly.

Mr S didn't accept our Investigator's findings. In summary, he said:

- The open banking statements show that for the three months leading up to the agreement, Mr S's average income was £2,146.90. His average committed expenditure at the time was £1,843.42 which includes groceries, bills, direct debits and utilities etc.
- He would only be left with a disposable income of £64.78 after taking off the monthly car repayment of £238.70. This disposable income isn't sufficiently affordable and has been calculated before deducting MOT, bills and rent.

As Mr S didn't accept our Investigator's view, 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.

Mr S complains about the lending decision and the checks carried out. He feels Oodle made an irresponsible lending decision and this gave rise to an unfair relationship. Our approach to irresponsible lending complaints is set out on our website. There are some key questions I need to consider in order to decide what's fair and reasonable. These are:

1. Did Oodle carry out reasonable and proportionate checks to satisfy itself that Mr S was in a position to sustainably afford the repayments?
 - If so, did it make a fair lending decision?
 - If not, what would reasonable and proportionate checks have shown at the time?
2. Did Oodle act unfairly or unreasonably towards Mr S in some other way?

Oodle had to carry out reasonable and proportionate checks to satisfy itself that Mr S would be able to repay the credit sustainably. It's not about Oodle assessing the likelihood of being repaid, but it had to consider the impacts of the repayment on him.

There is no set list of checks that it had to do, but it could take into account several different things such as the amount and length of the credit, the amount of the monthly repayments and the overall circumstances of the borrower.

Did Oodle carry out reasonable and proportionate checks to satisfy itself that Mr S was in a position to sustainably afford the repayments?

Oodle have explained Mr S declared a gross annual income of £37,380 per year. He also provided some additional information about his role and how long he'd been employed. Also, that he was a homeowner. In Oodle's file submission, it included a payslip from January 2022 which confirmed Mr S's basic gross monthly pay was £3,250. It hasn't referred to this in its final response letter, but it seems likely Oodle obtained this at the time of the lending decision.

Oodle carried out a credit search prior to agreeing to lend. This noted Mr S had declared bankruptcy in July 2017 which corresponds with the date six accounts were defaulted. These were showing as satisfied from July 2018. The credit search also showed he had seven active accounts and no delinquencies. This included three credit cards, a utility account, a mail order account, a mortgage, and a current account. Excluding Mr S's mortgage, he had a credit balance of £2,740 against an available credit limit of £4,400. There were no recent missed payments or arrears. It also showed five settled accounts.

In respect of Mr S's expenditure Oodle said it estimated car running costs and the cost-of-living expenses from the Office of National Statistics (ONS) to determine the monthly repayment was affordable. However, it hasn't provided our service with any more information about its assessment so I can't say proportionate checks were carried out.

I'm also mindful of Mr S's credit history, and the terms of the agreement (including the size and duration of the loan, the monthly repayments and the total amount payable). In the circumstances, I think Oodle ought to have obtained some further information about Mr S's specific expenditure. For these reasons, I'm not satisfied reasonable and proportionate checks were carried out.

Would reasonable and proportionate checks have shown Mr S was likely to be in a position to sustainably afford the agreement?

Although I don't think the checks were reasonable and proportionate, it doesn't automatically mean the complaint should be upheld. I must now consider what I think reasonable and proportionate checks were likely to have shown had they been carried out at the time of the lending decision. To do this, I have considered statement information provided by Mr S and which covers the three-month period leading up to the lending decision. I'm not saying Oodle needed to go as far as to obtain bank statements. However, I'm satisfied they give a good indication of what information was likely to have been obtained had Oodle carried out appropriate checks.

I'm mindful Oodle seemed to have verified Mr S's income at the time of the lending decision. I note in the months leading up to the lending decision, Mr S's average net income was £2,147 per month. I'm mindful in November 2021 Mr S seemed to receive a lower amount. However, in December 2021 and January 2022 he received an average of £2,314. This is in line with what he could expect to receive from a gross annual income of £37,380 and his monthly income continued to be around this amount according to his statements. I've relied on the lower overall average figure as I'm satisfied it doesn't change the outcome of the decision here.

I've also reviewed Mr S's credit commitments and non-discretionary expenditure. Having done so, I think appropriate checks were likely to have shown his total committed expenditure to be around £1,336. This includes credit commitments, bills, mortgage payment, communications accounts, food and so on. Taking into account the average income of £2,147, Mr S would have around £811 remaining after his committed spend. I'm satisfied this was sufficient to show he was likely to have been able to sustainably afford the repayments of £238.70. As mentioned above, Oodle could have also expected his net monthly income to be higher than set out here.

I'm mindful Mr S's expenditure as assessed by his representatives seemed to be significantly more than I've identified. However, I can see on the statements Mr S made significant payments towards credit cards. He may have been reducing the balances on his cards at the time. Nevertheless, based on what Oodle's credit search showed, it seems these payments were above what would be required to repay the balances within a reasonable period. Additionally, the assessment includes a payment category of 'other' and it's not clear exactly what expenditure has been included here. However, as explained I've thought about what Oodle were likely to have discovered about Mr S's committed expenditure.

I've also thought about the credit search and what this showed about how Mr S was managing his finances. All of his accounts seemed to be up to date at the time, and whilst he had previously had financial difficulties it seems his finances had improved by the time of the lending decision. I don't think there was anything from the credit search in itself to say Oodle shouldn't have lent, particularly where reasonable and proportionate checks were likely to have shown the lending was affordable.

Therefore, I'm not satisfied reasonable and proportionate checks were undertaken at the time of the lending decision. Weighing up the evidence I have, I'm satisfied had reasonable and proportionate checks been carried out then it's likely they would have shown the lending was affordable and sustainable. I haven't seen anything else which leads me to conclude Oodle shouldn't have lent to Mr S. So, I can't say Oodle irresponsibly lent to Mr S or that it created unfairness in the relationship by doing so.

Did Oodle treat Mr S unfairly or unreasonably in some other way?

I understand from the information I've seen that Mr S made repayments under the agreement, and it wasn't until his complaint that Oodle understood the lending might be

unaffordable. Nevertheless, I've not seen Mr S contacted Oodle for support. Overall, I'm unable to say Oodle ought to have done more here or that it treated Mr S unfairly. Going forward, I'd remind Oodle it needs to treat Mr S with reasonable forbearance and due consideration.

I've also considered whether Oodle acted unfairly or unreasonably in some other way given what Mr S has complained about, including whether its relationship with him 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 Oodle lent irresponsibly to Mr S or otherwise treated him unfairly in relation to this matter. I haven't seen anything to suggest Section 140A would, given the facts of this complaint, lead to a different outcome here.

My final decision

For the reasons outlined above, I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 27 October 2025.

Laura Dean
Ombudsman