

The complaint

Mr F, through his representative, complains that Close Brothers Limited trading as Close Brothers Motor Finance approved two car finance agreements for him when he could not afford it.

What happened

Two agreements were taken by Mr F the first being settled when the second was taken. Here is a summary.

Agreement	Approved	Price of vehicle (interest figure)	Repayments monthly (rounded)	Status
1	9 November 2020	£23,995 (£5,101)	60 x £441	Settled September 2021
2	29 September 2021	£22,950 (£5,445)	60 x £421	Settled May 2022

In November 2020 Mr F gave a deposit and there was a part exchange of the car he already had. In September 2021 Mr F gave a deposit of £3,500.

Mr F's representative complained to Close Brothers in October 2024. It responded in November 2024 in relation to one of the agreements. There's no explanation as to why only one agreement was covered off in that FRL, but our investigator's view clearly covered the complaint surrounding both agreements: this decision does too.

The investigator at the Financial Ombudsman Service who reviewed the complaint did not consider that Close Brothers needed to put things right for Mr F. His representative has disagreed and its points are that more should have been done because:

- these were high value agreements and so his income ought to have been verified and/or bank account statements reviewed for Mr F and
- Mr F's income fluctuated each month and often was not at the level Mr F had declared to Close Brothers when applying for the two sets of finance.

The unresolved complaint was 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.

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 F's complaint. Close Brothers needed to make sure that it didn't lend irresponsibly. In practice, what this means is that it needed to carry out proportionate checks to be able to understand whether any lending was sustainable for Mr F 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 – suggesting the lender needed to know more about a prospective borrower's ability to repay.

Mr F's representative has made submissions surrounding the suitability of the checks, in particular it contends that Close Brothers' failure to verify the income figure presented to it by Mr F was wrong. I have reverted to the specific wording and detail in the FCA Consumer Credit Sourcebook (CONC) Chapter 5 on responsible lending to assist me in relation to Mr F's complaint. I do not set out the FCA wording here as I am aware Mr F's representative is familiar with that CONC chapter and I refer them to it for the detail.

When considering whether creditworthiness assessments were reasonable which is what the FCA require it to be, there are a number of considerations to guide Close Brothers and one aspect of that is whether the checks were proportionate: CONC 5.2A.20R. It was not expected that there was a full financial review of every aspect of Mr F's circumstances for each application. And in relation to Mr F's income, it needed to '*take reasonable steps to determine the amount or make a reasonable estimate of the customer's current income*'.

Proportionality can be seen as doing reasonable checks within the full context of the loan application, what it was for and other details. I can't improve on some of the wording in the guide paragraph CONC 5.2A.21: *Certain factors may point towards a more rigorous assessment and others towards a less rigorous one in which case the firm should weigh up the factors before deciding what type of creditworthiness assessment is required.*

I am not being asked, or expected, to stand in the shoes of the Close Brothers' assessors when the agreements were approved and act as a lender: I am resolving a complaint about whether the approach taken by the Close Brothers was reasonable and proportionate at the time.

Agreement one

Both parties have received all the details for Mr F's application and I do not set out all the individual figures here. I have reviewed Mr F's application, the credit search Close Brothers carried out, the details surrounding the car and other factors. I know that Mr F was already paying around £227 a month for a car and that would have included DVLA costs, insurance and running costs usually associated with a car. This was an upgrade in car by Mr F as the Close Brothers Agreement car was more expensive than the one he had. It was going to cost around £441 a month and that translates into an increase of £214 a month extra to pay.

Part of placing these sorts of credit agreements within the context of the circumstances surrounding Mr F's application would include, in my view, the fact that Mr F wanted this particular car, and he applied for the finance freely. Close Brothers would have no reason to consider that Mr F was being anything other than frank and honest in his application. He had declared he obtained his income as the Director of a company.

The credit search Close Brothers did was a thorough one as I have seen its records and reviewed them. I have also been able to cross-refer that search with the personal credit report Mr F has provided to us. This included details of his mortgage which Close Brothers was aware was a joint liability and he paid 50%. Overall Mr F's financial situation looked strong, with a decent and reliable income and able to afford the additional £214 each month for the car finance.

So, it follows that in those circumstances and with the information it had already gathered, Close Brothers considered that the checks were reasonable and proportionate, and complied with the FCA expectations and in the absence of adverse information to alert it to

an issue I don't consider it needed to do more. I do not uphold the complaint about agreement one.

Agreement 2

I have seen that during the short time Mr F had the first car, his Direct Debit (DD) set up to pay for the finance agreement failed. And Mr F's explanations on the 'phone to Close Brothers was that he had not transferred money to the account on which the DD had been set up. These payments were rectified immediately. There's no suggestion from the account notes that affordability was the issue here – just an administrative error by Mr F having not transferred money from another account.

Careful reading of the documents from Close Brothers suggests that this second agreement for a second car may have been taken after the first was settled by an insurance payment. That suggests an event occurred surrounding the first car; for the purposes of this complaint, I do not need the event details. However, I do note that this may have been the reason for Mr F applying for a new car finance agreement so soon after the first – to replace the car. The relevance of this is that it may form part of the context within which Mr F approached Close Brothers for a second car finance agreement.

Mr F has sent to us his personal credit report. From that I have gathered that Mr F changed cars again on 31 May 2022 with a different lender and the new cost was £564 each month. It is useful information to place the two agreements with Close Brothers in context. Mr F changed cars relatively frequently and was moving up to more expensive cars.

That personal credit report shows me that things took a turn for the worse, financially, for Mr F in 2023 – after these agreements were taken and were settled with Close Brothers. Before that and looking at the information Mr F gave to Close Brothers for agreement two, he increased his monthly income figure and was applying for finance for much the same value of car over a similar term. The payments each month were scheduled to be slightly cheaper.

And I have weighed up whether the DD failures which were rectified immediately they arose would likely have prompted Close Brothers to feel it needed more information from Mr F about his income. And I've decided not.

Mr F's representatives have sent to me bank statements. But as I do not consider that Close Brothers needed to have carried out additional checks before lending on the second replacement car then it was not likely that it would have seen these.

Mr F's representative has not given any explanation as to why Mr F declared the income that he did to Close Brothers when now Mr F says that income was very different to the declared figure.

In line with the regulatory framework, I am satisfied that Close Brothers based its creditworthiness assessment on sufficient information of which it was aware at the time it was carried out; and that it took reasonable steps to obtain information from Mr F. And, where it deemed it necessary, it also cross referenced the information that Mr F had provided with information from a credit reference agency. With all of that information combined, I'm satisfied that Close Brothers had sufficient information to enable it to carry out a reasonable creditworthiness assessment. I do not uphold his complaint about the second agreement.

I've also considered whether Close Brothers acted unfairly or unreasonably in any other way and 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 F 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

My final decision is I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 10 November 2025.

Rachael Williams
Ombudsman