

The complaint

Mr B complains STARTLINE MOTOR FINANCE LIMITED ("Startline") lent to him when he couldn't afford it. Mr B has also complained about the lack of help and support he received from Startline when he told it he'd lost his job.

What happened

In August 2023, Startline provided Mr B with a hire purchase agreement for a used car through a credit intermediary. The cash price of the car was £7,994 and no deposit was paid so the full amount was financed. The cost of the credit was £3,508.16 with a total to repay of £11,502.16. Mr B was due to make 47 monthly repayments of £239.42 followed by a final payment of £249.42.

Mr B had problems making the repayments and returned the vehicle to Startline who subsequently sold it. As of December 2024, an outstanding balance remains due of around £4,000.

Startline considered Mr B's complaint and didn't uphold it. Startline concluded adequate checks were conducted which showed the agreement to be affordable. Unhappy with this response, Mr B referred the complaint to the Financial Ombudsman.

Mr B's complaint was then considered by an investigator, and they didn't uphold it. Mr B didn't agree with the outcome and made the following points;

- While Startline worked out that Mr B had sufficient disposable income by the time the road tax, insurance and petrol costs were considered there was no 'surplus' left.
- The broker provided incorrect information about his income.
- Startline didn't take into account that he was helping his mum out and he had other personal expenditure as well.
- Mr B's income wasn't guaranteed as he was on a zero-hour contract.
- Startline also didn't help him when he told them he'd lost his job.
- Had Mr B known about the withdrawal of the finance agreement he would've taken that course of action.

These comments didn't change the investigator's opinion and so the complaint was passed to an ombudsman for a final 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 B's complaint. Having carefully thought about everything I've been provided with I'm not upholding Mr B's complaint. I'd like to explain why in a little more detail.

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

In the circumstances of this complaint, I'm satisfied the checks carried out by Startline were proportionate and demonstrated to it that the agreement was likely affordable to Mr B and I've explained why below.

Mr B declared he worked full time, and had a second job as well with total monthly income of £1,284. A payslip was also taken to confirm Mr B's second job. However, Startline didn't just accept what Mr B had declared or what the broker told it. Startline used a well-known tool provided by a credit reference agency to cross reference this income. The results indicated that the amount Mr B declared was likely accurate. It was reasonable for Startline to have relied on the results it received.

Startline also carried out a credit search and it's provided a copy of the results that it received from the credit reference agency. I've summarised these below.

- Mr B had a mobile phone contract costing £66 per month.
- Mr B had two current accounts.
- A credit card with a balance of £221.

There were no signs from the credit file that Mr B was or was likely having financial difficulties. All of his accounts were up to date with no missed payments or defaults. Startline wouldn't have had any concerns about Mr B's ability to take on further debt.

Overall, Startline ought to have realised that Mr B had likely existing commitments of around £73 per month at the most – and this is the figure it used for its affordability assessment which I think is entirely fair and reasonable.

In terms of outgoings, the application data suggested that Mr B didn't have any monthly outgoings. This of course couldn't be accurate because Startline knew from the credit check result that he had at least £73 per month in existing credit commitments. However, Startline says the information provided by Mr B was cross referenced against its own cost of living model. This model utilises data from the Office of National Statistics as well as considering the existing commitments Startline was aware of. The result of this check was that Startline calculated Mr B had just under £400 in disposable income.

Mr B had declared he had lived at home with his parent(s) and so it would've been reasonable for Startline to have concluded he wouldn't have had the same level of monthly outgoings or priority bills than perhaps someone who has a mortgage and or was renting. In those circumstances I think it was fair and reasonable for Startline to have used the ONS figure for Mr B's likely living costs.

Given what Startline checked, the results of the credit search and the affordability calculation that it undertook I consider it fair and reasonable for it to have approved this finance because a proportionate check was carried out. There were no flags or prompts to have made Startline consider that it needed to do more before it lent to Mr B. I do not uphold the complaint.

I can see that Mr B has handed the car back, it's been sold at auction and in the notes that I have an outstanding balance remains due. If there is still a balance, then I would remind Startline of its obligation to treat Mr B fairly and with forbearance when discussing a way forward.

Other considerations

As part of the of the referral to our service Mr B has said there were issues with the car. That may well have been the case, I've not been provided with any evidence to suggest the car was faulty.

I've also reviewed the credit agreement, and it did allow Mr B to withdraw from it as long as he followed the notification process outlined in the agreement. Mr B says that had he been aware of his right to withdraw then he would've taken it. That maybe the case but as the withdrawal process wasn't followed I therefore can't say Startline made an error.

I've also thought about the help and support Startline offered Mr B when he told them he had lost his job in February 2024. I've again referred to the contact notes provided by Startline. I can see that as part of this discussion the various options were provide to Mr B such as voluntary surrender or termination as well as being sign posted to third party help.

Mr B requested a payment deferment I can see that a discussion took place with Startline after he had provided a bank statement to show his income and expenditure. In my view the suggested help and support offered was fair and reasonable. I make no award in relation to how Mr B was treated.

Finally, I've 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 Startline 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.

My final decision

For the reasons given above, I do not uphold Mr B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 8 August 2025.

Robert Walker
Ombudsman