

The complaint

Mr S, through his representative, complains that FCE Bank Plc trading as Ford Credit (Ford Credit) lent to him by approving two car finance agreements when he could not afford them. Mr S' representative has said that an unfair relationship was established under s140A of the Consumer Credit Act 1974.

What happened

Mr S took two agreements with Ford Credit. I have asked that both complaints be considered by me as the first agreement in January 2020 is relevant when I am considering the second. The picture is more complete when I can review the details and the car financing history of Mr S over several years. I will deal with each in chronological order. This is the first of two decisions covering Mr S' borrowing with Ford Credit.

The first was for £20,389 in January 2020. Mr S put down a deposit of £3,200 which was a mixture of cash and a part exchange. Mr S had been paying for a vehicle with another company at £176 a month since March 2016. So, it's likely Mr S used that vehicle as the part exchange trade here. The amount to repay on finance was £19,074.99. The repayments were £298.81 once, followed by £288.81 each month for 38 months. Plus, a final repayment of £9,405 and a £10 fee scheduled to be on 1 May 2023. The total charge for credit was not high at £1,304.79 which was not a large amount. The APR was only 2.9%. There was an approved mileage of 9,000 a year. It seems likely Mr S was trading up to a newer vehicle.

Mr S complained in February 2025. Ford Credit responded with two separate final response letters (FRL) in February 2025 for each of the two agreements. One of our investigators considered both agreements under two different complaint references and did not think that Ford Credit had done anything wrong in each case. Mr S disagreed.

Both of the unresolved complaints were passed to me to decide. This decision relates to the first one taken in January 2020.

Preliminary point

Mr S' representative seemed to be of the view that there was an intermediary agreement on 31 January 2020 which ended in a default being applied.

Our investigator has written to Mr S' representative saying that he thinks that the two agreements in January 2020 were the same and that it did not end in default. Mr S has not come back to us on that which suggests acquiescence on that point. But for completeness, I reviewed Mr S' personal credit file to review this, and I agree with our investigator. So, I do not consider that Mr S took two car finance agreements in January 2020 – only one.

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 S' complaint. Ford Credit 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 S 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.

I have reverted to the specific wording and detail in the Financial Conduct Authority (FCA) Consumer Credit Sourcebook (CONC) Chapter 5 on responsible lending to assist me in relation to Mr S' complaint. I do not set out the FCA wording here as Mr S' representative likely 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 Ford Credit that the checks were proportionate: CONC 5.2A.20R and the paragraphs which follow it. It was not expected that there was a full financial review of every aspect of Mr S' circumstances for each application.

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.*

And even if I decide that Ford Credit ought to have done more than it did before lending, the assessment does not stop there. I need to look at Mr S' finances to see what Ford Credit would have discovered if it had done more. Here, Ford Credit has told us it did all the right checks but it has not produced much evidence. So, we have used Mr S' financial documents provided to us by his representative to assist.

Agreement one

As Ford Credit did not provide a great deal of information about the details it had for Mr S' application and its subsequent checks done before lending in January 2020, our investigator reviewed some detail about Mr S' finances provided to us by him. One set of bank account statements (showing his income and outgoings) for late 2019 and early 2020 were received plus Mr S' personal credit file dated December 2023. I have reviewed all those documents. Obviously the credit file entries before January 2020 are the relevant ones for this complaint.

Mr S received a regular wage from his full time job. This was paid weekly and usually just under £400. Sometimes it was more. At £400 a week after tax that translates to £1,733 a month after tax and Ford Credit has told us it used the net pay figure of £1,600 a month.

Mr S' personal credit file provided to us shows that he had already had a car finance agreement with another company (taken in March 2016) and which was settled in 2020. Likely Mr S was changing the car up to a newer model. So that £176 a month was due to end as he took on the new Ford Credit finance agreement. That showed me Mr S already had experience paying for a car and the associated costs such as DVLA tax, insurance, running costs and such things. And the price to change was around £112 a month.

Mr S' credit file shows he had a couple of credit cards and mail order accounts the details for which showed that he was well under their credit limits, had no payment issues and the records were good. Mr S had taken a bank loan and had successfully paid that off in 2019, plus he'd taken a few high cost loans all of which had been paid off in 2017 or thereabouts. Mr S had a drawdown facility linked to his personal bank account with a credit company and a limit of £950 at that time. This was being paid off regularly.

Even if Ford Credit had checked his personal credit file and had reviewed his income and expenditure costs using a technique such as looking at bank statements, then it would have seen what we have seen – that the repayment costs for the car were affordable.

I've also considered whether Ford Credit 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 S 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

I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 19 January 2026.

Rachael Williams
Ombudsman