

The complaint

Mr H complains Go Car Credit Limited (“Go Car”) irresponsibly lent to him.

What happened

In June 2021, Mr H applied for car finance with Go Car. The application was approved, and he was given £7,715.00 with monthly repayments of £289.53 to be repaid over 48 months.

Mr H complained in January 2025. He said Go Car didn’t undertake sufficient checks to satisfy themselves that the loan was affordable for Mr H. He said he had defaults at the time.

Go Car responded to the complaint and they didn’t uphold it. They said they completed a credit file check and verified Mr H’s income by reviewing his statements. They said there were no affordability concerns found in the statements, and verified his income. Go Car found that Mr H would have monthly disposable income of around £630. They said based on these checks they’re satisfied the lending was affordable.

Mr H didn’t agree, so he brought his complaint to our Service. An Investigator here looked into things. They didn’t uphold the complaint. They said checks were proportionate and a fair decision to lend was made. Mr H responded to the opinion. He felt the Investigator didn’t take into account his statements which demonstrate financial difficulty.

The Investigator responded saying they weren’t required to check bank statements at the time and there’s no contractual obligation to make monthly payments to an overdraft facility and so maintained the lending was affordable.

I previously issued a provisional decision which said the following:

“I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

Having done so, I’ve reached a different outcome to the Investigator. I’ll explain my reasoning below.

Go Car needed to make sure that it didn’t lend irresponsibly. In practice, what this means is that Go Car needed to carry out proportionate checks to be able to understand whether any credit could be repaid by Mr H 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.

Go Car did a credit reference agency (CRA) check, asked Mr H about his income and expenditure and reviewed his current account statements in the lead up to the lending. So, I'm satisfied the checks were proportionate. There's not much more that I would expect them to be able to do to find out information regarding Mr H's circumstances. However, the information they obtained showed Mr H's financial position to be stretched.

Mr H told Go Car he was earning around £2,100 per month, and was spending around £1,500 per month. In his committed expenditure, Mr H declared he was spending around £625 (split with his partner) on gambling. I would've expected Go Car to be concerned by this and to be aware that providing him with a loan may cause him foreseeable harm and not be sustainable if he's committing such a large amount of his monthly income to gambling.

I note the Investigator said he didn't think Go Car needed to obtain the statements from Mr H at the time of lending. Firstly, I strongly disagree considering what I've said above regarding gambling. But secondly, this is an oversight because Go Car did obtain statements, so it's important that they take into account what they saw in them.

In the months leading up to the lending, Mr H's statements demonstrated that he was already struggling financially. He was consistently using his overdraft and even after receiving his pay from his job, he didn't see a credit balance. Mr H didn't once see a credit balance between March 2021 and June 2021. He was gambling significant amounts and making payments to debt management schemes. The vast majority of payments out of his account went to gambling sites.

In addition to this, Mr H had recent defaults and a number of accounts in management plans at the time of lending. I note both the Investigator and Go Car have referred to the default as historic, however it was only two years prior to this lending for an amount that likely would've had a smaller monthly repayment than Go Car was asking Mr H to commit to.

So, while I agree Go Car's checks were proportionate, I'm currently minded to say they didn't make a fair lending decision and shouldn't have provided Mr H with the credit.

In reaching my conclusions, I've also considered whether the lending relationship between Mr H and Go Car might have been unfair to Mr H under s140A of the Consumer Credit Act 1974.

However, I'm satisfied that what I direct Go Car to do in the section below results in fair compensation for Mr H given the overall circumstances of his/her complaint. For the reasons I've explained, I'm also satisfied that, based on what I've seen, no additional award is appropriate in this case.

I'm proposing that Go Car do the following to put things right for Mr H:

The information I've been provided with indicates that Mr H's agreement has been settled at the time of his complaint, Mr H had already paid in excess of the cash price of the car at this stage.

As this is the case, I'm satisfied that it would be fair and reasonable in all the circumstances of the case for Go Car to put things right for Mr H by:

- refunding any and all interest, fees and charges he paid as a result of this agreement;
- adding interest at 8% per year simple on any refunded payments from the date they were made by Mr H to the date of settlement†

- *removing any and all adverse information it may have recorded on Mr G's credit file as a result of this agreement.*

† *HM Revenue & Customs requires Go Car to take off tax from this interest. Go Car must give Mr H a certificate showing how much tax it has taken off if he asks for 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.

Mr H responded to the provisional decision accepting what was said. Go Car initially asking for more time, which was provided, but we've since heard nothing further.

As Mr H accepts, and Go Car hasn't provided me with any new evidence or comments to defend their position, it follows that my final decision remains the same as what I've said in my provisional decision.

Go Car did irresponsibly lend to Mr H and need to do the following to put things right:

Putting things right

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My final decision

It's my final decision that Go Car Credit Limited acted irresponsibly when providing Mr H with a loan for a car.

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

Meg Raymond
Ombudsman