

The complaint

Miss G complains that Startline Motor Finance Limited irresponsibly provided her with an unaffordable regulated hire purchase agreement.

What happened

In July 2023 Startline provided Miss G with a hire purchase agreement to finance a car with a cash price of £12,740. A deposit of £1,000 was paid and Miss G received finance of around £11,740. This agreement was repayable across 53 instalments of around £350 and has a total repayable value, including interest and fees, of around £19,330.

Miss G complained to Startline in January 2025 about irresponsible lending. She said Startline's checks hadn't been proportionate; and that based on the information it did obtain it should have identified this agreement wasn't sustainably affordable for her. Miss G said Startline had made an unfair lending decision by approving her with this agreement.

Startline issued its final response in March 2025 in which it didn't uphold Miss G's complaint. In summary, it concluded its checks were proportionate and that it had made a fair lending decision when providing Miss G with this hire purchase agreement. Unhappy with Startline's response Miss G referred her complaint to our service.

One of our investigators reviewed the details of Miss G's complaint and didn't uphold it. He considered Startline's checks were proportionate to the terms of lending being provided, and what it knew about Miss G's financial circumstances. He considered Startline was reasonably entitled to rely on the information Miss G had declared within her application, and he concluded it had made a fair lending decision when providing Miss G with the agreement.

Startline didn't respond to our investigator's view; Miss G responded and disagreed. In summary, she maintained her arguments and provided further details setting out that Startline had obtained enough information through its checks to have concluded this agreement wasn't sustainably affordable for her.

Miss G asked for an ombudsman's review, so 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.

The information in this case is well known to Miss G and Startline, so I don't intend to repeat it in detail here. I acknowledge Miss G has provided detailed submissions setting out her complaint, and in response to our investigator's views. I've focused my decision on what I consider to be the key points of this complaint; so, while I haven't covered all the points or touch on all the information that's been provided, I'd like to assure both parties I've carefully reviewed everything available to me. I don't mean to be discourteous to Miss G or Startline by taking this approach, but this simply reflects the informal nature of our service.

We've set out our approach to complaints about irresponsible and unaffordable lending as well as the key rules, regulations and what we consider to be good industry practice on our website. I've followed this approach when considering Miss G's complaint and I've set out my findings below under separate headings for ease.

The lending decision

Startline has said it obtained Miss G's declared income by way of her application, and that it verified this using bank statements and additional evidence of benefit payments. It says it completed a credit check to understand Miss G's existing credit commitments and management of credit. Startline says taking into account the above it was satisfied Miss G was left with a reasonable level of funds each month to afford her non-discretionary expenditure – which it had considered based on reviewing industry recognised statistical data – and the repayments to this new agreement.

Startline says its checks were proportionate and that it went on to make a fair lending decision when providing Miss G with this agreement.

I've carefully considered all of the information and arguments presented. Having done so, I'm persuaded Startline did complete proportionate checks; and went on to make a fair lending decision when providing Miss G with this hire purchase agreement.

Startline verified Miss G's income by way of her bank statements, and proof of benefit payments. It also completed a credit check to understand her existing commitments to credit. Based on the terms of lending being provided, and what its checks identified, I consider it would have been proportionate for it to have verified Miss G's monthly expenditure as part of its assessment.

I say this because the credit check it completed showed two credit card accounts in active arrears; by one and two months. Both of the balances on these accounts were above their approved limits, albeit relatively modestly. Miss G had also defaulted an account in 2017, however I consider Startline reasonably considered this historic.

The evidence Miss G provided about her benefit credits included details that part of the credit was intended to cover a proportion of her monthly rent. And the bank statements she provided Startline to verify her income evidenced child benefit credits. These two points are in conflict to Miss G's declarations within her application that she was living with parents (and therefore presumably not paying rent), and that she had no dependents.

While a lender is reasonably entitled to rely on a customer's declarations, I consider the conflicting information Startline had received, as well as the recent adverse credit data, ought to have caused it some concern. I consider Startline's checks ought reasonably to have been more detailed to obtain an understanding of her actual financial position.

The rules and regulations Startline needed to follow aren't prescriptive in terms of what information it needed to consider in order to complete proportionate checks. However, given Startline had been provided with Miss G's bank statement in the month leading up to this agreement, it follows it had received information which allowed it to complete proportionate checks, and it could reasonably have used this information to understand her actual non-discretionary expenditure. I therefore consider it reasonable for me to review this statement to understand what proportionate checks would more likely than not have shown Startline at the time of this lending.

Miss G's income is evidenced through payments from her business and benefits. These total around £3,550 per month, which is largely in line with Miss G's declaration. While there are other credits received from individuals, I've not taken these into account.

Miss G's non-discretionary expenditure is evidenced through direct debits and standing orders, and well as some direct payments. Having reviewed the details I consider Startline ought reasonably to have identified, which includes Miss G's monthly rent and childcare costs, I've found her non-discretionary expenditure to total around £2,350.

The credit check Startline completed showed Miss G had around £3,230 of outstanding debt, across the two accounts I've referenced above. I consider reasonable monthly repayments to be around £150 towards this total balance.

I note from Miss G's bank statement that she made payments totalling around £400 towards what appear to be these accounts in June 2023, considerably more than the contractual minimum payments which would have been required. As such this suggests it likely that Miss G was clearing the arrears on the accounts, and I consider Startline would have been positively reassured by seeing these transactions.

I therefore consider Startline would more likely than not have identified through proportionate checks that this agreement was sustainably affordable for Miss G. So, it follows I'm persuaded Startline made a fair lending decision when providing this agreement.

Has Startline acted unfairly or unreasonably in any other way?

I've gone on to consider whether Startline has acted unfairly or unreasonably in any other way, including whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974.

I've seen Miss G has had multiple monthly repayments returned under direct debit, which she has looked to make by card payment to bring the account back in line. I've seen on multiple occasions Miss G has incurred charges for the returned payments and Startline's administration processes. Miss G has said these charges are unfair.

I've reviewed the hire purchase agreement Miss G entered into. On the first page there's a section detailed 'charges', and it sets out the type and level of charges that will be applied to the agreement in certain circumstances. Miss G provided Startline with her acknowledgment and acceptance of all associated terms and conditions when she signed this agreement in July 2023. As such, I consider Startline has applied these charges in line with the conditions of the agreement.

Miss G has said that Startline should write off the outstanding balance owed, and pay her compensation for the financial hardship and distress caused. However, as I've not found Startline to have made an unfair lending decision, it follows that it can apply interest and charges in line with the agreement.

I am sorry to hear of the health and financial circumstances Miss G has made us aware of, and which she's said have, at least in part, come about because of this agreement being provided. I don't doubt that these circumstances will have been distressing for Miss G, and my decision here isn't intended to downplay them.

I acknowledge Miss G's financial circumstances may well have been different to that which is presented within the statements Startline had received and had available to it as part of its assessment. However, based on the rules and regulations, I consider had it engaged with the evidence within the statements it would have concluded this agreement was sustainably

affordable for Miss G. So, I've not been persuaded that Startline should compensate Miss G for any distress she says she's incurred because of its lending decision.

Based on the evidence I've seen I don't consider Startline has acted unfairly or unreasonably in relation to this agreement, or brought about an unfairness in the relationship. As such it follows that I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

Taking all the above into account, it follows that I'm not directing Startline to take any further action in resolution of this complaint.

I would take this opportunity, however, to remind Startline of its obligations in treating Miss G fairly and sympathetically in its dealings with her, especially given its knowledge about her current health and financial situation.

My final decision

My final decision is that I don't uphold Miss G's complaint about Startline Motor Finance Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 1 January 2026.

Richard Turner
Ombudsman