

## **The complaint**

Mr C, through his representative, complains that Go Car Credit Limited (“GCC”) lent to him irresponsibly by approving a finance agreement for credit to purchase a vehicle which Mr C says he could not afford.

## **What happened**

Mr C signed a Hire Purchase agreement (HP) with GCC on 17 April 2019. In this decision I have used rounded figures for ease of reading by dispensing with the need for pence.

Mr C had paid a deposit of £1,830. The capital cost financed was £10,980 which led to a total to repay of £20,140. The repayments over 48 months were scheduled to be 48 repayments of £381 each month. There was a £10 option to purchase fee at the end. Mr C settled the finance early in May 2022 by selling the vehicle as he could not afford it after losing his employment.

After Mr C had complained in February 2024, and received GCC’s final response letter in May 2024, the complaint was referred to the Financial Ombudsman in November 2024. One of our investigators assessed the complaint and they considered that GCC had done nothing outside the regulatory framework, so they did not uphold the complaint. Mr C’s representative gave reasons why it disagreed and 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 C’s complaint. Having carefully thought about everything I’ve been provided with; I’m not upholding his complaint.

GCC 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 C, before providing any credit. 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 particularly low, the amount lent was particularly high, or the information the lender had when making such a decision – such as a consumer’s significantly impaired credit history – suggesting the lender needed to know more about a prospective borrower’s ability to repay, before making a lending decision.

When applying for the finance, the agreement shows that Mr C declared his monthly income as £3,005 with expenditure of £1,650 – which I will refer to as Mr C’s ‘I&E’. GCC has explained that to reach these figures it had asked Mr C for bank account statements (three months’ worth) to help it to verify all these details, together with Mr C’s own explanations. It says it carried out a credit search as well.

The income was Mr C's average taken from the three sets of statements GCC reviewed. I'm aware that the statements provided to GCC by Mr C, which are the copies it has forwarded to us, are for a joint account with another person bearing the same surname as Mr C and so I take that to be his wife. I'm conscious that GCC asked for these statements, these were the ones Mr C chose to send it and likely the best set of statements, as his income credited that account. Those credits, plus the tax credits, are clearly marked as income from his employer – a delivery company – and easily identifiable. Plus, the account shows his expenditure.

I have no concerns surrounding GCC's verification of Mr C's income. And Mr C had signed the agreement, confirming these figures for his income and expenditure as being true and correct. So, I think GCC was entitled to consider that information as being reasonably accurate and was therefore information it could rely on in making its lending decision.

The details listed by GCC as Mr C's monthly expenditure included: rent, council tax (including water costs), utilities, communications (including broadband and mobiles), TV licence, food, vehicle maintenance and MOT costs, vehicle tax, vehicle insurance, and £100 for leisure activities. It included a £271 figure for food and an above average sum for Mr C's petrol cost each month of around £542. This seemed feasible and likely to be an accurate reflection of Mr C's actual expenditure at the time – given that Mr C's occupation was a delivery driver.

The credit search results, a copy of which I have seen, show that Mr C had a relatively low outstanding debt balance and no adverse data and no indications of any insolvencies. GCC added in to the I&E calculations referred to above, the credit commitment cost, which was low, at around £14 a month.

GCC added in to the I&E a 'buffer' figure of £300 which it used to create a further affordability margin. So, the GCC calculations led it to be satisfied that Mr C had around £1,054 left over after paying down all his non-discretionary expenditure, and his existing credit commitments. This included the £300 'buffer' sum added by it.

As a delivery driver it seems likely that this vehicle purchase was essential for Mr C to use for his work. And I am satisfied on this point as reading the GCC diary notes from October 2021 to May 2022 when Mr C approached it to discuss exit options, he explained that he had lost his job. He'd tried to get a new job but companies were only hiring small van deliverers – not large van ones.

Turning back to the affordability at the time Mr C applied to GCC, as the van cost was due to be £381 a month then GCC considered the finance for the van purchase affordable. In line with the regulatory framework, I am satisfied that GCC 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 C. And, where it deemed it necessary, GCC also cross referenced the information that Mr C had provided with information from a credit reference agency. With all of that information combined, I'm satisfied that it had sufficient information to enable it to carry out a reasonable creditworthiness assessment.

Mr C and his representative have responded to our investigator's view by pointing out that the three months' worth of bank statement transactions were not representational of his income as he earned more over Christmas than in other months. Mr C has said:

*'Hi the reason for £1000 over is that it was a busy period for me as a delivery driver during the month of December especially Christmas time with increased volume of parcels for delivery etc'*

Whilst I don't doubt what Mr C has said, at the same time I'm not persuaded that this means GCC had not done the right thing. Obtaining the bank account statements was a thorough review of Mr C's finances before lending. Mr C says they contained about £1,000 extra of income that he would not normally earn. But if that were a valid concern, Mr C could have

raised it with GCC (or amended his stated income amount) before signing his income figure as being correct. I've seen no evidence of that in 2019 when he applied.

However, I've considered that even if GCC were to deduct £1,000 from Mr C's average income over January, February and March 2019 from the I&E figures, then his disposable income after paying for everything would have been around £754 each month. Therefore, even if Mr C had made GCC aware that his income around Christmas may be inflated compared to his pay outside of that period I still think GCC likely would have considered the van finance cost of £381 affordable – based on how much excess money was left over after all of his core expenditure was deducted.

So, based on everything I have seen, I'm satisfied that the regulations relating to approving finance and carrying out the appropriate creditworthiness assessment were complied with in Mr C's situation. Because of this, I do not uphold the complaint.

### **Account management**

Mr C rang GCC in October 2021 to say that he'd lost his job and was not able to keep up repayments. I briefly referred to this earlier in the decision. Between that date and April 2022 GCC assisted Mr C by discussing exit options and placing the account on hold - to give him space to see if he could either find another job or sell the van. Voluntary Termination (VT) was discussed. In the end, a company bought the vehicle and Mr C was able to settle the outstanding amount owed on the credit agreement with those proceeds, in May 2022.

So, I consider GCC did provide Mr C with reasonable levels of support and forbearance when it was made aware of his loss of employment. I therefore think that Mr C was treated fairly by GCC.

When reviewing this complaint, I've also considered whether GCC acted unfairly or unreasonably in any other way. For example, 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 GCC had lent irresponsibly to Mr C or otherwise treated him unfairly in relation to this matter. And 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 that I do not uphold the complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 9 September 2025.

Rachael Williams  
**Ombudsman**