

Complaint

Miss W complains that CarCashPoint Limited (“CCP”) unfairly provided a logbook loan to her. She’s said the monthly payments to the agreement were unaffordable and so she shouldn’t have been accepted for it.

Background

In April 2023, CCP provided Miss W with a logbook loan for £1,500.00. The loan had an APR of 230.67% and a term of 36 months. This meant that the total amount to be repaid of £5,820.12 (which included interest, fees and charges of £4,320.12) was due to be repaid in 36 monthly instalments of £161.67.

Miss W’s complaint was considered by one of our investigators. She reached the conclusion that proportionate checks would have shown CCP that it shouldn’t have provided this loan to Miss W. So she recommended that Miss W’s complaint should be upheld.

CCP didn’t agree with our investigator and asked for the complaint to be passed to an ombudsman for review.

My provisional decision of 7 July 2025

I issued a provisional decision – on 7 July 2025 - setting out why I wasn’t intending to uphold Miss W’s complaint.

In summary, I was satisfied that that proportionate checks wouldn’t have prevented CCP from lending to Miss W. In these circumstances, I was of the view that it wasn’t unfair for CCP to have lent to Miss W.

CCP’s response to my provisional decision

CCP didn’t respond to my provisional decision or ask for any additional time in order to do so.

Miss W’s response to my provisional decision

Miss W responded to say that she disagreed with my provisional decision. In summary this is because:

- It is unfair to consider her partner’s income without his expenditure.
- She had four county court judgments (“CCJ”) recorded against her.
- CCP has disregarded everything about her mental health disability.
- She’s already paid the amount she borrowed and so shouldn’t have to pay anymore.

My findings

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 Miss W's complaint.

Having carefully thought about everything I've been provided with, including the response to my provisional decision, I'm still not upholding Miss W's complaint. I'd like to explain why in a little more detail.

CCP needed to make sure that it didn't lend irresponsibly. In practice, what this means is that CCP needed to carry out proportionate checks to be able to understand whether Miss W could make her payments in a sustainable manner before agreeing to lend to her. And if the checks CCP carried out weren't sufficient, I then need to consider what reasonable and proportionate checks are likely to have shown.

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.

CCP has said that it took some details of Miss W's employment as well as carried out credit checks. Having looked at the results of the credit check, it's clear that CCP was aware that Miss W had previously had significant difficulties with credit as she'd defaulted on a couple accounts and had a CCJ obtained against her. In response to my provisional decision, Miss W has said that she actually had four CCJs recorded against her. However, the credit check CCP carried out only shows a single one and I think that CCP was entitled to rely on this.

Nonetheless, I don't agree with CCP's assertion that this adverse information wasn't recent. That said, I'm satisfied that CCP mitigated against this risk as it obtained open banking access information so that it could cross check Miss W's declarations in relation to her expenditure. I note that our investigator thought that the information that in the open banking data ought to have shown CCP that it shouldn't have lent to Miss W.

In the investigator's view this information showed that Miss W committed expenditure meant that she wasn't able to afford the payments to this loan. However, I note that our investigator made a couple of significant errors in her income and expenditure assessment which led her to conclude that the payments to this loan were unaffordable.

Firstly, the investigator concluded that Miss W was responsible for all of the household expenditure. However, this was only a reasonable conclusion to reach if all of the household income was included as well. And when Miss W's partner's income and conclusions to the household expenditure are included, the monthly payments do appear to be affordable.

To be clear, I've only included Miss W's partner's contributions to the bills because it would be unreasonable to reach a conclusion that the loan was unaffordable because Miss W was meeting all of the household expenditure, when the reality is that her partner was contributing to the household costs. I've not included Miss W's partner's credits to bank account on the basis that Miss W's partner would be making payments to this loan.

Secondly, I'm also mindful that the information from the time appears to suggest that Miss W was going to use the proceeds from this loan in order to settle an outstanding hire-purchase agreement which had monthly payments of around £260.

There is no dispute that the total cost of this loan was expensive. I note that Miss W is now unhappy with this. That said, this loan also had significantly lower monthly payments than the existing hire-purchase agreement Miss W said she'd be settling. Furthermore, having seen a copy of the loan agreement, I can see that it sets out the total cost of the credit as well as the monthly payments. As Miss W chose to sign the agreement and proceed with the loan, I can only assume that she was at the time at least, prepared to accept these terms.

I don't know if Miss W did go on to settle the hire-purchase agreement. But CCP could only make a reasonable decision based on the information it had available at the time. And I'm satisfied that the proceeds of this loan could and should have been used to clear the hire-purchase agreement in the way that Miss W said she would.

It's also worth noting that as this was a first loan CCP was providing to Miss W, there wasn't a history of Miss W obtaining funds and then failing to consolidate debts elsewhere in the way she committed to. In these circumstances, I think that CCP was reasonably entitled to believe that Miss W would be left in a better position after being provided with this loan as it would have resulted in a reduction in her monthly outgoings.

I accept that Miss W's actual circumstances at the time may have been worse than what she let on and what the information gathered showed. For example, I know that Miss W has said that she was expecting to start work when she applied for this loan but wasn't able to do so. I note that as part of her application, Miss W provided CCP with an email containing an offer of employment that was subject to final checks.

In these circumstances, I think that CCP was reasonably entitled to conclude that Miss W's income would increase and that this would further support the loan being affordable. Furthermore, while I accept that Miss W wasn't able to start the job, in any event, for the reasons I've explained, I'm satisfied that Miss W's existing income was sufficient to make the repayments to this loan.

For the sake of completeness, I've noted that Miss W's response to my provisional decision has said that she believes CCP took advantage of her mental health disability when lending to her. I've not seen anything in the application document to indicate that CCP was aware of this at the time of Miss W's application.

Nonetheless, even if it had been aware it wouldn't have been fair and reasonable for CCP to have automatically declined Miss W's application on the basis of her mental health. This is particularly as it was required to proceed on the basis that Miss W had the capacity to consent, unless there were clear reasons to show that she couldn't. Given Miss W provided evidence of a job offer at the time of this application, I'm satisfied it is more likely than not CCP had no reason to conclude Miss W wasn't able to consent to taking out this loan.

In reaching my conclusions, I've also considered whether the lending relationship between CCP and Miss W might have been unfair to Miss W under section 140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I'm currently minded to conclude that CCP did not irresponsibly lend to Miss W or otherwise treat her unfairly in relation to this matter. And I haven't seen anything to suggest that section 140A CCA or anything else would, given the facts of this complaint, lead to a different outcome here.

Overall and having carefully considered everything, I'm satisfied that CCP gathered a significant amount of information from Miss W before agreeing to lend to her. And the information gathered, at least, appears to show that Miss W could make the monthly payments to this loan. I'm therefore satisfied that it wasn't unfair for CCP to lend to Miss W in this instance.

As this is the case, I'm not upholding this complaint. I appreciate that this will be very disappointing for Miss W – particularly as our investigator, albeit erroneously, suggested that the complaint should be upheld. But I hope she'll understand the reasons for my decision and that she'll at least feel her concerns have been listened to.

Although I'm not upholding Miss W's complaint, given the significant amount of the arrears on the loan, what Miss W has said about having difficulty making her payments as well as what she's said about her mental health disability, I would like to remind CCP of its continuing obligation to exercise forbearance and due consideration.

I would also encourage Miss W to get in contact with and co-operate with any steps that may be needed to review what she might, if anything, be able to repay going forward. Miss W may be able to complain to us – subject to any jurisdiction concerns – should she be unhappy with CCP's actions in relation to exercising forbearance over the remainder of the term.

My final decision

For the reasons I've explained above and in my provisional decision of 7 July 2025, I'm not upholding Miss W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 19 August 2025.

Jeshen Narayanan
Ombudsman