

The complaint

Mr B complains about the interest rate that he's paying for a motorbike that was supplied to him under a hire purchase agreement with First Response Finance Limited.

What happened

A new motorbike was supplied to Mr B under a hire purchase agreement with First Response Finance that he electronically signed in September 2023. The price of the motorbike was £3,300 and he agreed to make 49 monthly payments of £129.88 to First Response Finance.

Mr B complained to First Response Finance in January 2025 that he'd been charged too much for the finance. It said that the APR offered on the agreement was fair in accordance with Mr B's credit history and the risk posed and the agreement provided adequate value and enabled him to purchase the vehicle of his choice. It also said that it hadn't seen anything to suggest that it did anything that could be construed as unfair or unreasonable.

Mr B wasn't satisfied with its response so complained to this service. His complaint was looked at by one of this service's investigators who, having considered everything, didn't recommend that it should be upheld. He said that First Response Finance hadn't done anything incorrectly regarding its review of Mr B's complaint or the outcome.

Mr B didn't accept the investigator's recommendation and has asked for an ombudsman to issue a decision on his complaint. He says that he admits that he signed the agreement but First Response Finance shouldn't be able to charge the same amount as the loan in interest.

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.

First Response Finance says that Mr B used its online portal in September 2023 to apply for finance to buy a motorbike and that he used the portal to “*self quote*” which showed him a full breakdown of the amount of credit, the APR, the term and the total amount repayable. It has provided a copy of the letter that it sent to Mr B with pre-contract credit information. The letter says:

“Further to your finance application, it is very important to you and to us, that you read the enclosed document before you visit the dealership and sign the finance agreement, so that you have every opportunity to understand the details before committing yourself to its terms”.

The pre-contract credit information said that the amount of credit being provided to Mr B was £3,300, he was going to make 49 monthly payments of £129.88, the total charge for credit was £3,064.12 and the total amount payable was £6,364.12. It also said: *“The rates of interest which apply to the credit agreement: 42.9% per annum fixed for the duration of the agreement”*. It also said that the APR was also 42.9%.

In response to Mr B complaint, First Response Finance said: *“First Response Finance is a specialist lender, who provide Hire Purchase agreements for customers who have previously impaired credit, as such our interest rates are appropriate for this market”*.

Mr B admits that he signed the hire purchase agreement and I can see that it clearly said that the amount of credit was £3,300, there were 49 monthly payments of £129.88, the total charge for credit was £3,064.12, the total amount payable was £6,364.12 and the interest rate and the APR were 42.9%. The agreement said in bold and capitals: *“Sign the agreement only if you want to be legally bound by its terms”*. Mr B chose to sign the hire purchase agreement and the motorbike was supplied to him. If the interest rate or any of the other terms of the agreement weren't acceptable to him, I consider that it would be reasonable to expect him not to have signed the agreement.

Providers of consumer credit, such as First Response Finance, are generally free to set interest rates based on factors including the Bank of England base rate, the loan amount and the borrower's circumstances but must clearly communicate the APR and any default interest rates in the credit agreement. I'm not persuaded that there's enough evidence to show that First Response Finance has acted incorrectly in connection with the hire purchase agreement or that it shouldn't have charged Mr B an interest rate of 42.9%.

I've also considered whether First Response Finance acted unfairly or unreasonably in some other way, including whether its relationship with Mr B might have been unfair under section 140A of the Consumer Credit Act 1974. Having done so, I've not seen anything that makes me think that that was likely to have been the case. I find that it wouldn't be fair or reasonable in these circumstances for me to require First Response Finance to reduce the rate of interest payable under the hire purchase agreement, to pay any compensation to Mr B or to take any other action in response to his complaint.

My final decision

My decision is that I don't uphold Mr B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 27 October 2025.

Jarrold Hastings
Ombudsman