

The complaint

Mr M1 and Mr M2 say Stellantis Financial Services UK Limited trading as Vauxhall Finance ('Stellantis'), irresponsibly lent to them. They say that it didn't take reasonable steps to ensure that, Mr M2 primarily, could afford the repayments towards a conditional sale agreement to purchase a car.

What happened

Our Investigator thought the complaint should be upheld. Stellantis didn't agree with the Investigator's opinion. The complaint was then passed to me.

I issued my provisional decision saying that Mr M1 and Mr M2's complaint shouldn't be upheld. A copy of the background to the complaint and my provisional findings are below in italics and form part of this final decision.

What I said in my provisional decision:

Mr M1 has made the complaint on behalf of both him and Mr M2, his son. We have referred to Mr M1 as being Mr M2's representative and the complaint is that the agreement was mis sold to Mr M2. But Mr M1 and Mr M2 are both joint holders of the finance and so this is a joint complaint. Although I do recognise that the objective of the finance was to purchase a car for Mr M2, and it was expected and arranged that he would pay the monthly repayments.

This complaint is about a conditional sale agreement that Mr M1 and Mr M2 took out to purchase a car in April 2023. The vehicle had a retail price of £12,314. Mr M2 paid a £1,000 deposit meaning £11,314 was financed. This agreement was to be repaid through 60 monthly instalments of £276.50 which Mr M2 was due to pay. If Mr M2 made repayments in line with the credit agreement, he would need to repay a total of £17,313.50.

Mr M1 complained to Stellantis on the basis that the finance was mis-sold. As far as I can see Stellantis didn't respond to this complaint. Mr M1 then brought the complaint to the Financial Ombudsman Service.

Our Investigator upheld Mr M1 and Mr M2's complaint. He thought that Stellantis couldn't show that it had made proportionate checks. And that if it had made better checks these would have shown that the finance wasn't affordable.

Stellantis didn't agree with the Investigator, and I've noted what it said. There was some further correspondence, but no new issues were raised. As no agreement was reached, this matter has been passed to me to make a final decision.

What I've provisionally 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.

When someone complains about irresponsible and/or unaffordable lending, there are two overarching questions I need to consider when deciding what's fair and reasonable in all of the circumstances of the complaint. These are:

1. *Did Stellantis complete reasonable and proportionate checks to satisfy itself that Mr M1 and Mr M2 would be able to repay the credit in a sustainable way?*
 - a. *if so, did Stellantis make a fair lending decision?*
 - b. *if not, would reasonable and proportionate checks have shown that Mr M1 and Mr M2 could sustainably repay the borrowing?*
2. *Did Stellantis act unfairly or unreasonably in some other way?*

And, if I determine that Stellantis didn't act fairly and reasonably when considering Mr M1 and Mr M2's application, I'll also consider what I think is a fair way to put things right.

Did Stellantis complete reasonable and proportionate checks to satisfy itself that Mr M1 and Mr M2 would be able to repay the credit in a sustainable way?

As I've said above, Mr M1, has said that the lending was taken out for Mr M2 to acquire a car. Whilst Mr M1 also applied for the finance, he was a 'backup' to Mr M2 and the situation was that Mr M2 was expected to pay for and use the car. But this was a joint application between Mr M1 and Mr M2 and so Mr M1 was equally responsible for the repayments. And so, any affordability assessment needed to consider Mr M1's circumstances as well as Mr M2's. So, to be able to uphold this complaint I think it needs to be clear the proportionate checks would have shown that the lending wasn't affordable for both applicants.

There's no set list for what reasonable and proportionate checks are, but I'd expect lenders to consider things such as the amount, duration, and payments of the finance being applied for, as well as the borrowers' personal circumstances at the time of each application.

Stellantis hasn't been able to provide very much evidence about the checks that it says were carried out. This is because it took over the loan from another business. But I can see that it said that the assessment was based on Mr M2 having an income of £20,928 a year and a credit bureau score of 268.

All the parties to the complaint have agreed that the application was approved on the basis that a 'strong' co-applicant (to Mr M2) was needed. It looks like either the finance would not have been approved or would have been approved on different (more expensive) term if Mr M1 was not the co-applicant. This can be a prudent thing to do, but I've not seen anything that shows Mr M1's circumstances were fully considered. As they should have been.

Given this lack of information, I can't be certain of what Stellantis considered before lending. So, I don't think I can say the checks that Stellantis says it did were reasonable or proportionate.

Would reasonable and proportionate checks have shown that Mr M1 and Mr M2 would be able to repay the credit in a sustainable way?

I've gone on to consider what Stellantis would likely have found had reasonable and proportionate checks been carried out.

I think it's established that the finance would be unlikely to be sustainably affordable for Mr M2 on his own. This is because the evidence from the point of sale, and what Mr M1 and Mr M2 have said, make it reasonable to say that Stellantis had doubts about Mr M2 applying on his own. And it recommended that Mr M2 find someone else, with a better credit history, to apply with him. Which is what happened. As this is the case, and whilst I have noted what has been provided about Mr M2's circumstances, I don't think I need to consider them any further.

I've looked to see whether the lending was also affordable for Mr M1 as the joint applicant.

Mr M1 hasn't provided an up-to-date copy of his credit report. But he has said that he didn't have any credit problems at the time, and I think it's reasonable to take this at face value here. And so, if Stellantis had looked further into Mr M1's credit history I don't think it would have found that it shouldn't have lent due to any credit problems that Mr M1 was having at the time of lending.

Mr M1 has also provided copies of his bank statements for the period before the lending. While I wouldn't have expected Stellantis to have asked Mr M1 for copies of these, I'm satisfied that these statements would give a good indication of what Stellantis would likely have taken into consideration had it asked Mr M1 to verify, or provide more information about, his income and committed expenditure during that specific period.

The bank statements aren't entirely clear about what Mr M1 and his wife's expenditure are, as the normal expenditures were put on a credit card (to secure cashback) and this was repaid each month. And Mr M1 and his wife were renovating their house and so their expenditure was very high, this was being funded from their savings. But these bank statements don't show that Mr M1 was having any kind of financial problems. To be clear Mr M1 has not said that this was the case, he's in fact said the opposite of this.

Our Investigator estimated both Mr M1 and Mr M2's expenditures and concluded that the loan may not have been affordable for them. I don't think this is the right way to look at this here. Partly as their situation is not clear and partly because Mr M1 has not said that the loan wasn't affordable for him.

It's reasonable to say from the bank statements the Mr M1 had access to significant funds. The regulator does allow that savings can be considered when applying for credit, and this is a relatively common occurrence when one party is joining the credit to assist with a credit application for someone who may not have obtained credit otherwise.

Because of this I asked Mr M1 for some information about the savings he and his wife had at the time. Mr M1 has said that he and his wife had around £4,000 each in 'accessible savings'. But their joint bank statements indicate that Mrs M had more than this. There are transfers into their joint account from Mrs M over the months leading up to finance that are greater than this.

So, it's not entirely clear what savings Mr M1 and Mrs M had, but I don't think any further investigation or information about this will lead to me being able to say that Mr M1 also couldn't afford the finance. I think it's reasonable to say that if Stellantis had looked in more detail at Mr M1's circumstances it would have found that it was affordable for him. And it still would have been reasonable for it to approve the lending.

So, and while I'm sure this will come as a disappointment to Mr M1 and Mr M2, I'm satisfied that, had Stellantis carried out reasonable and proportionate checks, I think that it's likely that it would have found the finance to be sustainably affordable, when Mr M1's circumstances are considered. And it's for this reason why my provisional decision is that I won't be asking them to refund all or part of the payments Mr M paid, or of any interest and fees they may have been charged.

Did Stellantis act unfairly or unreasonably in some other way?

Mr M1 has complained that the interest rate is too high. But this was clearly set out in the contract that both applicants saw and agreed with at the time. And, as our Investigator said, this is a typical rate, albeit on the higher side, for this type of agreement. There isn't any basis for me to say that Stellantis shouldn't offer to lend at this rate

I've also considered whether Stellantis acted unfairly or unreasonably in any other way, and 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 it lent irresponsibly to Mr M1 and Mr M2 or otherwise treated them unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

I haven't seen anything to make me think Stellantis acted unfairly or unreasonably in some other way.

Developments

I haven't received a response from Stellantis, but I wouldn't necessarily expect a response given what I said. And, as I'm not upholding the complaint, I am now issuing my final decision.

Mr M1 did respond (on behalf of the other consumers involved) and didn't agree with my provisional decision. Mr M1 said that, in summary:

- He provided some detail about his employment and income history over time.
- He said he was now 71 years old, retired, with a pension income of £2,500 after tax.
- Due to his employment history, he doesn't have savings and his wife transfers savings into their joint account to cover their living costs, if needed.
- He outlined the modest savings his wife had but said that these shouldn't be considered as she was not consulted about the car finance and didn't agree to it (in that she was not aware of it, rather than she disagreed with it).
- His wife may not have enough to live on comfortably after Mr M1 dies and the spouses' pension from his provision, and the state pension is considered. And this is what her savings were for.
- He maintains that he does not have access to significant funds, and they cannot afford to pay for the car alongside their other household costs.
- Mr M1 believes that his son was taken advantage of, and he's noted that they can't sell the car as it is worth significantly less than the amount he owes on the finance, and he would be left with a debt.

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 M1 has provided a lot of detail about his past, present and expected future financial situation. Which I am grateful for. I have noted all of this but I'm not going to reproduce it here, partly as I don't think I need to and partly to protect their anonymity.

I think I should clarify that, for the most part, in order to be able to say that the lending was irresponsible, it should have been clear to Stellantis, if it had made proportionate checks, that it shouldn't have lent. This is because it ought to have been clear that Mr M1 and Mr M2 wouldn't have been able to repay the finance sustainably.

I don't think the information Mr M1 has provided shows this to be the case. I have taken on board that Mr M1 and his wife may not have had 'significant' savings. But they did have some. And Mr M1 does not consider his income to be large and they did have some concerns, or needed to plan for, their future income and expenditures.

But I think it's reasonable to say that Mr M1 (and his wife) were living within their means, and he wasn't in any financial difficulty at the time. And there was no reason to think that Mr M1 would face financial difficulty or have problems repaying the loan.

It's worth noting that the kind of situation where it would be irresponsible to lend would be, for example, if Mr M1 had very low income, or he had ongoing repayment problems to other creditors, or was having problems making ends meet on a day to day basis.

I don't think any of these are evident here, and there are no other signs of financial difficulty. And I must also remember that Mr M2 was part of the finance and did also have an income himself and the ability to pay the finance. Albeit on a lesser scale than Mr M1. So, it's reasonable to think that Mr M1 wouldn't need to pay all of the finance.

And, as I said in my earlier decision, the regulations do allow that savings are taken into consideration. And the reason Mr M1's wife's savings should be taken into account in some way is that they were clearly being paid into their joint account at times. So even though these savings weren't expected to be used for this purpose, and Mr M1's wife wasn't part of the finance. It's reasonable to think of these savings as being available, even if this would only be as a last resort.

Mr M1 has said that he felt pressured at the time due to the way the sale was conducted. But the documentation is clear on the nature and specifics of the agreement he was starting. And he would have had time to consider this before it was finalised. I've not seen that Mr M1 or M2 were misled or that the sale was conducted improperly.

So, I still don't think it would be right to uphold this complaint, I still think that if Stellantis had made better checks then it would've seen that Mr M1 and Mr M2 could sustainably afford the loan repayments and it would have been reasonable to lend. I'm sure this will not be the answer that Mr M1 and Mr M2 want but I hope my decision doesn't cause any undue distress.

That said it is clear now that Mr M2 may not be able to reliably pay the finance and Moneybarn should bear in mind it's responsibility to treat it's customers fairly and with forbearance where this is the case.

My final decision

For the reasons set out above, I don't uphold Mr M1's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M1 and Mr M2 to accept or reject my decision before 22 August 2025.

Andy Burlinson
Ombudsman