

The complaint

Mrs H, through her representative, complains that Go Car Credit Limited (“GCC”) failed to do proper checks before approving finance for the purchase of a car. And it failed to provide forbearance measures for Mrs H when she missed some repayments.

What happened

Mrs H took a hire purchase (HP) agreement from GCC on 4 January 2021 over 48 months. Mrs H paid a deposit of £100. The capital sum was £6,820 and the total to repay was £13,750 which was £284.38 each month. Her first repayment date was 12 February 2021. There was a £10 Option to Purchase fee.

Mrs H got into arrears, was given repayment plans and she was also told about the options available to her to end the agreement. The car was in an accident in March 2023, and the agreement was partially settled in June 2023. There was a shortfall that was assigned to a third party in 2024.

Mrs H complained through her representative and received GCC’s final response letter in April 2024. The complaint was referred to the Financial Ombudsman and one of our investigators did not consider that GCC had lent irresponsibly and did not think it had failed to assist her during the difficult periods.

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 Mrs H’s complaint. Having carefully thought about everything I’ve been provided with; I’m not upholding Mrs H’s 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 Mrs H before providing it.

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.

The application details provided by Mrs H were that she was a homeowner and had been at her current address for six years and was separated. It stated that she was ‘*unable to work*,’ was unemployed and her benefit income was £2,163 a month. GCC electronically verified this. And its notes that show this was made up of child benefit of £136, other benefits of £450, Universal Credit (UC) of £1,239 and formal Child Support Agency (CSA) payments of £338.

My review of her income from the bank statements provided indicate that she received more income than this but it was not a lot different. My reasons for needing to review bank statements are given later in this decision.

GCC has provided evidence which shows it considered her living expenses at the time as £1,224.60. These were figures declared by Mrs H and included a £273 payment to a mortgage, which isn't listed on the credit file. So, Mrs H was upfront about that and informed GCC. And she included in her declared expenditure figures for the cost of MOT and maintenance of the car and included a figure for food. Although I consider that the £150 she'd allocated for the monthly cost of food for the family of three to be artificially low, considering the amount of disposable income – just over £918 – then I doubt that GCC would've had a concern that this was likely too low a declared figure. Mrs H appeared to have had enough left over.

GCC also conducted a credit file search, a copy of which I have reviewed. It showed that Mrs H had six active accounts. Her overall outstanding debt was not high at around £1,118. The credit file showed that she was four months behind on one of the mail order accounts and Mrs H's credit file showed seven defaults. GCC has explained that as these defaults were more than six months old then they treated them as '*historic*.' I've seen that they ranged in dates from March 2014 to June & July 2019. So, two in 2019 were about 18 months old. I'd consider that these could be viewed as '*historic*.'

GCC have said based on her income, she would have had around £918 left over at the end of the month. GCC felt this was enough to cover the £284.38 monthly payment towards this lending.

I consider that GCC did have comprehensive information from Mrs H, both in relation to her income and her outgoings and her credit commitments. But I note that our investigator has considered that likely better checks would have been proportionate considering the number of accounts she had in default and appeared to be repaying through debt collectors. Plus being in arrears on one of her current and 'live' mail order accounts would have been a concern.

Asking Mrs H for further information about her financial situation may have involved her supplying copies of utility bills, copy benefit letters and evidence of any other expenditure and credit accounts for which she was liable. A convenient method, one of several available, was to have reviewed copies of Mrs H's bank account statements which usually show a wider picture of her finances and how she was managing her money.

So, I considered the copies of the bank current account statements provided to us by Mrs H. GCC could have looked at those as a further check, and if it had it would have seen it was right on the £1,239 UC monthly income. The child benefit was actually £140 every four weeks which translated into £152 a month. The regular benefit she was receiving was £451 twice a month (not once a month as GCC had recorded) which works out to be £902 a month. I have reviewed Mrs H's statements from 1 October 2020 right through to the end of January 2021 to check on the repeated credits coming into these accounts were regular. So, I am satisfied that she received the £451 twice a month.

Mrs H had told GCC she received £338 a month from the Child Support Agency (CSA) which I can't actually see crediting her bank accounts and so I've thought about that. Mrs H regularly received £70 from an individual with the same surname to her each month. Including the CSA figure then her monthly income was more like £2,701. Without the CSA figure it would have been £2,363. And I have reason to believe from GCC diary entries that the CSA was not involved until June 2021. This dovetails with me not being able to see any CSA credits before January 2021 and so I have discounted that payment as income at the

time of lending. Even without it the income figure is higher than the one used by GCC – it would have been £2,363 each month.

On her outgoings, Mrs H's statements do not actually show that she was paying a mortgage company but the figure she gave to GCC was £273 a month. I think that had GCC viewed her statements it would have seen that she regularly paid an individual £273 each month who bore the same surname as her and so that may be the payment to her ex-partner for the mortgage. This could have been checked verbally with Mrs H and it may be that it was checked in January 2021 as GCC had the correct figure listed. So, I am satisfied that this was the housing cost to Mrs H each month.

I've seen that she had regular household expenditure such as TV licence, TV streaming services, gas and electric together, water, and communications costs (which may have been broadband and/or mobile). I don't need to give a specific figure but including the payment of £273 to the individual, these outgoings were well within the income she received. Mrs H was paying a variety of relatively small payments to a number of debt collectors which amounted in October 2023 to about £70 a month.

GCC knew from the credit search Mrs H had two mail order accounts and a loan which had commenced in 2018 which, according to the list GCC had as part of the application, was costing her £297 a month. One of the mail order accounts was in arrears and she was paying it off at £30 a month. So, it had counted her total credit commitment cost as being just under £333 a month.

Mrs H also had an existing HP with a third party company towards which she was paying £30 which was included in that £333 a month credit commitment figure.

Overall, including food GCC considered that Mrs H had outgoings of around £1,224 and I think that had it reviewed her statements it would have seen that was likely about right.

I have seen photos of the savings account Mrs H had for the period September 2020 to the end of January 2021. These illustrate what the current accounts show me – that Mrs H was very careful with her money and transferred some money in and out of the savings account. So, I am satisfied that this was the same money being moved around and that during this period Mrs H had very little or no savings. They do not alter my view.

Mrs H's representative has made reference to '*cash spending or outgoings from a second account.*' I have addressed my views on the contents of the two sets of copy account statements we have been sent – one being a current account and one being a savings account. If there's a third account Mrs H's representative has had time to send details in. Without that evidence I can make no findings on it.

I note that this has been asked for in May 2025, and that Mrs H tried to get them but for some reason the savings account was sent to us only and not another account. I don't need to know the reason. Applying the DISP rules I can choose to proceed on the evidence available especially where evidence has been asked for and not sent. Plus, Mrs H's representative has had fair notification of the complaint being referred to me and still nothing has been sent.

In the circumstances I consider that even if GCC had carried out a review of her bank statements as an additional check, it would have calculated that Mrs H was able to afford the £284 a month and was able to pay for the car. I do not uphold this part of the complaint.

Forbearance

We have been supplied by GCC with Mrs H's repayment dates and the Statement of Account. We have account notes which chart a regular series of telephone calls with Mrs H over the years and all demonstrate that GCC accommodated her needs each time.

A complaint was raised 2 September 2022 about a default imposed. This was dealt with and as that appears to be a resolved complaint all the matters leading up to that default I have not re-visited with this complaint.

In October 2022, Mrs H started discussions with GCC to Voluntary Terminate (VT) the agreement in six months – so it was planned she returned the car March 2023, which would have been the ‘halfway’ point in the agreement term. It was arranged and agreed to in February 2023 with a repossession date set for 16 March 2023. Mrs H had a car accident 10 March 2023. Unfortunately, this ended the VT as an option. After the insurance monies were used to reduce the sums owed to GCC there remained a shortfall. Mrs H’s ‘GAP’ insurance was due to cover that shortfall. In the meantime, a £100 a month repayment plan was put in place from 5 July 2023 for nine months. The final outstanding sums of around £574 was assigned to a third party in March 2024. GCC no longer owns the debt. So, the records stop there.

Our investigator has said in her view that GCC worked with Mrs H and assisted several times. Having read all the notes I have, I agree. I do not uphold this part of the complaint.

I’ve also considered whether GCC acted unfairly or unreasonably in any other way and I have considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974.

However, for the reasons I’ve already given, I don’t think it lent irresponsibly to Mrs H or otherwise treated her 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.

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 Mrs H to accept or reject my decision before 4 September 2025.

Rachael Williams
Ombudsman