

The complaint

Mr A complains that Stellantis Financial Services UK Limited trading as Vauxhall Finance ("Stellantis") lent to him without carrying out sufficient checks into his finances. Had better checks been made Stellantis would've discovered he had poor credit history and was in a debt management plan.

What happened

In October 2020, Stellantis provided Mr A with a conditional sale agreement for a used car. The vehicle had a cash price of £12,989 and £12,971.45 was financed. If Mr A made the payments in line with the agreement, he would've been required to pay a total of £15,143.55. The agreement was to be repaid by 60 monthly repayments of £252.10. Stellantis's statement of account shows the agreement was settled in September 2023.

Following the complaint, Stellantis issued its final response letter, and it didn't uphold the complaint. Mr A then referred the complaint to the Financial Ombudsman where it was considered by an Investigator. The Investigator concluded proportionate hadn't been carried out by Stellantis, but had Stellantis taken a closer look at Mr A's income and outgoings it still would've lent.

Mr A disagreed saying the agreement wasn't affordable and he had many creditors at the time. These comments didn't change the Investigator's mind and as no agreement has been reached, the complaint has been passed to an ombudsman for a decision.

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 A's complaint. Having carefully thought about everything I've been provided with, I'm not upholding Mr A's complaint. I'd like to explain why in a little more detail.

Although, this doesn't have any bearing on the outcome I've reached I do want to say I'm sorry to hear about Mr A's health diagnoses he received in 2022, I do hope things are better for him and he's received the help and support needed.

Stellantis needed to make sure that it didn't lend irresponsibly. In practice, what this means is that Stellantis needed to carry out proportionate checks to be able to understand whether any lending was sustainable for Mr A 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.

I've thought about what Stellantis, said in its final response when it outlined the following;

“Please note that it is the (sic) your responsibility to ensure that their personal circumstances are assessed prior to agreeing to enter into a finance agreement”.

Notwithstanding what Stellantis says about Mr A's responsibilities, the rules, regulations and guidance also make it clear that Stellantis has a responsibility to conduct proportionate checks before lending to Mr A and I've set out below why I think that while Stellantis ought to have done more before lending. But had it made better checks it would've still lent to Mr A.

I think it's fair to say that the Stellantis check relied on Mr A providing accurate information about his income and Stellantis' system auto approved the application for Mr A so it says there was no need for any manual underwriting.

Stellantis says that it knew Mr A was retired and had an annual income of £28,000 per year – but it doesn't seem any other checks were undertaken into whether this declared income was accurate.

It also carried out some sort of credit check and it says its own internal credit scoring showed that Mr A was a good candidate for credit with the monthly payment taking up 11% of his income and the total 'debt to income' ratio of all of Mr A's debt was at 34%.

Stellantis says after carrying out these checks it was satisfied the finance was affordable for Mr A. Whereas Mr A has said the agreement wasn't affordable because at the time he had poor credit history, was in a debt management plan and had other credits.

It's worth saying here that although Stellantis has explained the results it received from the credit worthiness checks it hasn't provided the raw data it received, so I can't be sure exactly what it did or didn't see.

However, Mr A did provide a copy of his credit report which although generated in 2024, it was still useful to see what sort of agreements he had outstanding in 2020 – when the finance was approved. The credit report Mr A provided showed that while he did have an overdraft, he wasn't making use of it. And he also had store card and a credit card but again he wasn't making use of them.

But Mr A's credit file did show an existing car leasing account was in arrears. Four months before the Stellantis agreement had started Mr A had cleared over a number of months one months' worth of arrears on that agreement. But then the credit report shows that the accounts suddenly entered two months of arrears despite the account in the month before being up to date.

I mentioned Mr A's credit file purely for reference because while it does show that at least one account had been in arrears shortly before Stellantis approved the finance, I can't be certain that it was aware of this given it's comments around the information that it did see – such as the 'debt to income' ratio.

And while Mr A has provided evidence that he completed a joint debt management plan in 2023, this isn't reflected within the credit file he had provided and I don't know from the information he has provided when this plan started or which creditors were incorporated into

the plan. But I do think, for the reasons I'll explain below that the monthly cost of the agreement would've been apparent to Stellantis because the statement showed that he was paying around £100 per month towards the plan.

Stellantis may well have been aware of an existing hire purchase agreement (a different one to the car leasing account mentioned earlier in this decision) that was to be settled once this one started. The existing agreement had been running since 2017 and had cost Mr A around £200 per month. The credit file showed he hadn't had any repayment difficulties whilst repaying the agreement.

At the point the loan was approved, I think it's fair to say that while Mr A had declared an income but no checks at all had been undertaken to cross reference the information provided. As far as I can see Stellantis had no idea of his non-discretionary monthly living costs, and I don't think Stellantis could make a proportionate check and believe the finance was affordable without any idea as to what Mr A's monthly living costs were.

Stellantis could've gone about making further enquiries a number of ways. It could've simply asked him what his living costs were, asked for evidence from Mr A about his bills, requested any other documentation or as I've done, it could've asked for copy bank statements.

But to be clear, I've only used the bank statements to get an idea of what Mr A's regular living costs are likely to have been like at the time – I've not done this because I think Stellantis ought to have requested this information as part of underwriting this loan especially because superficially the credit check results given to Stellantis didn't suggest ongoing or underlying financial difficulties.

I also want to be clear, that I've not used the bank statements to carry out a line-by-line review of Mr A's circumstances as that would've been disproportionate. Instead, I've used these to assist me to get an idea of what his regularly living costs were.

I accept had Stellantis conducted proportionate checks it may not have seen all the information that I have seen. But, in the absence of Stellantis conducting a proportionate check I do think it's fair and reasonable to consider the bank statements that I now have access to. And having looked at the statements I've come to the same conclusions as the investigator for broadly the same reasons and I'm not upholding the complaint.

In terms of income, Stellans says for the affordability check while it knew Mr A was retired he still had an income of £28,000 per year – which net is just under £1,900 per month. Had some checks been made into the income I think what Mr A said about being retired and in receipt of benefits (both for him as well as child benefit payments) including sickness benefit for his wife would've been apparent from the statements. All of this money was being paid into Mr A's account.

While Mr A says the payments being received from other business were his family members lending his family money, I don't think that would've been apparent to Stellantis that this was the case – as there wasn't anything obvious to suggest this – bearing in mind similar sums were being received each month from the businesses.

Looking at Mr A's household outcomes, I think had Stellantis made more enquires about this it would've seen that he had credit card payments, loan payments, mobile phone, TV subscription services and insurances. On top of this there were payments for food and petrol. But having looked at the bank statements there were no signs that Mr A was likely struggling or likely having financial difficulties, the account didn't go overdrawn and there

were no signs of either returned payments or indications of any other unsustainable spending.

Mr A's personal situation was more complex than the information Stellantis had gathered, for example he was at the time responsible for two members of the household who were under 17 and I can see that he was in receipt of child related benefits. But even though his situation was more complex than perhaps Stellantis realised, I don't think that would've become apparent by it carrying out a proportionate check.

I'm sorry to hear that making repayments to this agreement proved difficult for Mr A and he said he was only able to make the payments by borrowing money. That may well have been the case, but – for the reasons that I've set out above, had Stellantis carried out a proportionate check it would've most likely discovered the agreement payments were affordable.

So, taking into account what I've seen in the statements I've concluded that had Stellantis conducted further checks into Mr A's non-discretionary living costs it still would've concluded the lending was affordable for Mr A and so I am not upholding the complaint.

Finally, I've also 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 Stellantis lent irresponsibly to Mr A or otherwise treated him 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

For the reasons I've outlined above, I am not upholding Mr A's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 24 September 2025.

Robert Walker
Ombudsman