

## **The complaint**

Mr H, through his representative, complains that Close Brothers Limited approved a vehicle finance agreement for him when he could not afford the repayments.

## **What happened**

Mr H applied to Close Brothers through a broker in November 2021. It was a conditional sale agreement which meant there was no large final instalment payment to make – just a £10 title transfer fee. Mr H paid a deposit or carried out a part exchange to the value of £3,637.80. I have seen evidence which suggests Mr H already was running a vehicle before he approached Close Brothers for this one.

The van Mr H was buying had a cash price of £20,632.80 plus interest of £6,704.40. The total to pay was £27,347.20 which included the deposit sum. The instalments were one of just under £405 and then 49 monthly repayments of just under £395.

The records indicate that the £16,995 advance from Close Brothers was the last of several proposed sums. On 22 November 2021 the first application was for £18,894 and the signed agreement was for £16,995 about a week later. So, this was not a quick assessment by Close Brothers.

Mr H complained to Close Brothers and received its final response letter in February 2025. After the complaint had been referred to the Financial Ombudsman Service one of our investigators considered that Close Brothers had carried out proportionate checks and did not think it needed to do anything to put things right.

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 Mr H's complaint. Close Brothers 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 Mr 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 – suggesting the lender needed to know more about a prospective borrower's ability to repay.

Mr H's representative has made submissions surrounding the suitability of the checks, and it contends that Close Brothers' failure to verify the income figure presented to it by Mr H was wrong. I have reverted to the specific wording and detail in the FCA Consumer Credit Sourcebook (CONC) Chapter 5 on responsible lending to assist me in relation to Mr H's

complaint. I do not set out the FCA wording here as I am aware Mr H's representative is familiar with that CONC chapter, and I refer them to it for the detail.

When considering whether creditworthiness assessments were reasonable which is what the FCA require it to be, there are a number of considerations to guide Close Brothers and one aspect of that is whether the checks were proportionate: CONC 5.2A.20R. It was not expected that there was a full financial review of every aspect of Mr H's circumstances for each application. And in relation to Mr H's income, it needed to '*take reasonable steps to determine the amount or make a reasonable estimate of the customer's current income.*'

Proportionality can be seen as doing reasonable checks within the full context of the loan application, what it was for and other details. I can't improve on some of the wording in the guide paragraph CONC 5.2A.21: *Certain factors may point towards a more rigorous assessment and others towards a less rigorous one in which case the firm should weigh up the factors before deciding what type of creditworthiness assessment is required.*

I am not being asked, or expected, to stand in the shoes of the Close Brothers' assessors when the agreement was approved and act as a lender: I am resolving a complaint about whether the approach taken by the Close Brothers was reasonable and proportionate.

Part of placing these sorts of credit agreements within the context of the circumstances surrounding Mr H's application would include, in my view, the fact that he wanted this particular van, and he applied for the finance freely. Close Brothers would have no reason to consider that Mr H was being anything other than frank and honest in his application. And further details show me that as Mr H was self-employed it was likely that the van was purchased to facilitate his business as well as personal journeys.

Mr H declared his income to Close Brothers as £2,750 each month. It was not verified in a way that Mr H thinks it ought to have been. But that does not necessarily mean that Close Brothers failed to comply with regulatory requirements in relation to Mr H's income. That has been the reason I have quoted the relevant part of the regulations surrounding income earlier in this decision.

Close Brothers had information from Mr H about his rent and his outgoings to which he was committed as well as the credit commitments he had and that were costing him around £623 a month. The total of all of these elements added up to £2,046 leaving around £704 a month left over with which to pay for the van which appeared to have been required for his work.

Another element raised by Mr H's representative is that Close Brothers relied on credit bureau data: this was reasonable for it to do that. It carried out a credit search and then use the information it found. Mr H's representative says that in its opinion the check carried out did not show all the details it knew from Mr H's personal credit file. But I have seen that the information revealed to Close Brothers on its report was very similar to that summarised by Mr H's representative. The Close Brothers' report did show that Mr H had an overdraft and was using it. It showed he'd been in a debt management plan in the past and that he was up to the maximum credit limit on his credit card. And contrary to Mr H's representative's submissions, it did account for a minimum repayment of around £250 a month for the credit card debt and around £348 a month for the loan that he had outstanding. The additional figure to increase that monthly credit commitment cost to £623 likely would have been to account for the overdraft charges or mobile charges.

In the circumstances I do not consider that Close Brothers was required to look into the financial situation more closely. I know that Mr H has sent to us two sets of copy bank account statements, but Close Brothers would not have seen this detail.

In line with the regulatory framework, I am satisfied that Close Brothers based its creditworthiness assessment on sufficient information of which it was aware at the time it was carried out; and that it took reasonable steps to obtain information from Mr H. And, where it deemed it necessary, it cross referenced the information that he had provided with

information from a credit reference agency. With all of that information combined, I'm satisfied that Close Brothers had sufficient information to enable it to carry out a reasonable creditworthiness assessment. I do not uphold his complaint.

I've also considered whether Close Brothers 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 H 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**

My final decision is I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 11 November 2025.

Rachael Williams  
**Ombudsman**