

The complaint

Mr C says STARTLINE MOTOR FINANCE LIMITED ('Startline'), irresponsibly lent to him. He says that it didn't conduct proportionate checks before approving car finance for him. If it had made better checks it would have seen that he was in financial difficulty and not lent to him.

Mr C's complaint has been brought by a representative and I've referred to Mr C and the representatives' comments as being from Mr C for ease of reading.

What happened

This complaint is about a hire purchase agreement that Mr C took out to purchase a used car in November 2022. The vehicle had a retail price of £18,995. Mr C paid a £6,675 deposit meaning £12,320 was financed. This agreement was to be repaid through 50 monthly instalments of £365.69 and then a final instalment of £375.69. If Mr C made the repayments in line with the credit agreement, he would need to repay a total of £25,335.19.

The statement of account Startline has provided shows the agreement has ended. Mr C still owed an amount at the end of the agreement, but I've not been provided with any further information about this. This isn't relevant to my consideration of the sale of the finance.

Mr C complained to Startline saying it hadn't made proper checks before it lent. Startline considered this complaint, and it didn't uphold it. It said it completed a reasonable creditworthy assessment which showed Mr C would be able to afford the finance. Mr C didn't agree with this and brought his complaint to the Financial Ombudsman Service.

Our Investigator didn't uphold Mr C's complaint because she thought Startline did proportionate checks, and these showed the loan was affordable.

Mr C didn't agree with the Investigator. He said the bank statements that Startline reviewed showed a regular reliance on his overdraft. Our Investigator didn't agree that this was enough to say that Mr C was in financial difficulty.

There was some further correspondence, and Mr C provided some other bank statements. But these were for a different bank account and showed that Mr C had another source of income. Our Investigator said this reinforced his opinion that the finance was affordable.

Mr C still didn't agree, and so this matter has been passed to me to make a final 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.

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

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

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

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.

Startline have explained that Mr C told it that he was employed full time in the same occupation he had been in for nine years. He was married and lived in rented accommodation. He said his gross income was £5,746 a month and his net income was £3,242 a month.

And Startline obtained some information from Mr C's credit file. This showed that he had unsecured debt of around £15,000 which was mostly credit card lending, or similar. He didn't have any recent repayment problems to this borrowing.

There were three defaults reported, the most recent was in August 2018 and all of these had now been fully repaid. There was also one County Court Judgement from 2018. I think these could reasonably be regarded as being historic and so wouldn't have affected Startline's assessment about whether Mr C would repay the new finance.

Startline then asked Mr C for copies of his bank statements, it says this was to confirm his income. These showed that he had received £2,546.78 as income in August 2022, £4,695 in September 2022 and £2,486 in October 2022.

Startline said that it then used Office of National Statistics data to estimate his expenditure. It's not been able to provide the details of what it found out from this, but this is a very common method of looking at income that I know Startline did use. I think it's reasonable to say that Startline would have carried out this check.

So, I think that Startline verified that Mr C had a reasonable income and was in stable employment and it estimated his expenditures. He didn't have any current financial problems, and the finance repayments were not too great a proportion of his income. I think the checks that Startline did were reasonable and proportionate. And I think that these proportionate checks showed that the lending was likely to be affordable for Mr C. I don't think that Startline has lent irresponsibly.

Mr C has said that he was using his overdraft at times before the lending and this was an indicator of financial problems. Clearly the use of an overdraft can be a concern, but Mr C wasn't always using this, and it seems to be the only recent negative factor that Startline could've seen. I don't think this is enough to say that it shouldn't have lent.

Startline did have Mr C's bank statements. It said that it didn't look at them other than for salary information, but I don't think Startline would have reasonably been able to say that it could have ignored any information on them that showed Mr C was in financial difficulty (separately from his overdraft usage). But I haven't seen any further indication on these that this was the case. There doesn't seem to be any incidences of payments not being made or other entries associated with financial difficulties.

Mr C said in his complaint to Startline that a recent credit report has shown he did have some financial difficulties before the lending. And he did go on to have problems repaying the finance. He's provided a copy of his credit report, but this doesn't seem to show any significant financial difficulties before the lending. And, as I've said above, they weren't in the information that Startline was made aware of. I don't think I can reasonably say that Mr C was in difficulty before the lending, the evidence I've seen doesn't show this.

Did Startline act unfairly or unreasonably in some other way?

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 C 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.

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

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 19 December 2025.

Andy Burlinson
Ombudsman