

## The complaint

Ms B complains 247 Money Group Limited trading as 247Money (247 Money) irresponsibly lent to her because it did not carry out reasonable and proportionate checks to ensure the agreement was affordable for her.

## What happened

Ms B took out a hire purchase agreement with 247 Money on 16 March 2022 in order to acquire a used car. The cash price of the car was £13,314 and no deposit was paid. The total amount payable under the agreement was £20,410.20 and she was to pay 60 monthly instalments of £340.17. Ms B struggled to make the repayments and so returned the car in October 2024.

Ms B complained to 247 Money on 27 October 2024. Ms B said she struggled to make monthly repayments and got into other debt when she prioritised her car payments. She said the agreement was unaffordable for her and due diligence was not carried out. She was already in debt at this time and the interest rate she was offered was excessive and unaffordable. She struggled up until the point she could return the car. She would still owe £8,000 in interest.

As far as I've seen, 247 Money didn't respond to the complaint and as Ms B remained unhappy, she asked our service to look into things. Our Investigator considered the matter and initially felt the complaint shouldn't be upheld. However, Ms B provided some further information about her financial circumstances at the time and clarified her income. Further to this, our Investigator explained to both parties why he felt the complaint should be upheld.

247 Money didn't agree with our Investigator's findings. In summary, it said:

- Our Investigator has said he was unable to confirm a verified income figure. However, its systems changed after the application. It did verify Ms B's income as £1,709.27 per month and she had initially declared monthly income of £1,900. Ms B did not inform it of her 'term-time only' contract. She declared she was in full-time employment.
- The mail order account showed she had been five months in arrears on repayments during the previous year. However, this showed she was in an arrangement with the creditor, and the payment was being maintained. Therefore, it did not consider this to be of concern.
- There were no active credit/store cards at the time of the application.
- The default was more than two years before the start of the agreement, so it was not a current issue.
- Ms B has now explained that her ex-wife was not making contributions towards the household costs. However, she had another current account so it can't be for certain that her partner wasn't paying into this other account instead. Ms B's other account is relevant and because the application was made in March 2022, the customer will be able to request copies of the statements directly from the bank. If this was a savings

account, for holidays or general savings then this would not have been relevant at all to Ms B's income, expenditure and disposable income figure.

- The payments Ms B was making to her father should not be included in any affordability assessment because it was an informal arrangement and not the responsibility of the customer (as well as the transfers to Ms B's other account). The change in outcome appears to be because of these informal payments to her father and also transfers to another current account (and Ms B hasn't provided the statements for this other account).
- Our Investigator agreed it wasn't necessary for 247 Money to have obtained bank statements at the time. It feels it is contradictory for the statements to now be relied on after the fact.

As 247 Money didn't accept our Investigator's view, the complaint has been 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.

Our approach to complaints about irresponsible and unaffordable lending is set out on our website. There are key questions I need to consider in order to decide what's fair and reasonable:

1. Did 247 Money carry out reasonable and proportionate checks to satisfy itself that Ms B would be able to repay the agreement in a sustainable way?
  - If so, did it make a fair lending decision?
  - If not, what would reasonable and proportionate checks have shown at the time?
2. Did 247 Money act unfairly or unreasonably towards Ms B in some other way?

It's not about 247 Money assessing the likelihood of being repaid, but it had to consider the impacts of the repayment on Ms B. There is no set list of checks that it had to do, but it could take into account several different things such as the amount and length of the credit, the amount of the monthly repayments and the overall circumstances of the borrower.

*Did 247 Money complete reasonable and proportionate checks to satisfy itself that Ms B would be able to repay the agreement in a sustainable way?*

247 Money provided information which Ms B declared when she applied for the credit. It understood she was married and in full time employment. It obtained payslips to verify her net monthly income as being £1,709.27. 247 Money have said she initially declared that she received £1,900 net monthly income.

247 Money also completed a credit search which showed Ms B had eight active accounts (four current accounts, three communications accounts, and one mail order account). Notably, she had been five months in arrears on the mail order account within the last 12 months. The search also showed she had three credit/store cards but there was no further information about these particular accounts. 247 Money have said these weren't active at the time. Ms B also had three settled accounts including a utilities account which had been defaulted in February 2020.

It's not clear from the information I have that 247 Money obtained information about Ms B's other non-discretionary expenditure or sought to estimate this. So, it doesn't seem it would have been clear to 247 Money what Ms B was paying towards things like bills, food and rent.

Weighing up all the information I have, I'm not satisfied the checks went far enough in the circumstances. 247 Money did verify Ms B's income. However, I think in the circumstances it ought to have considered her specific essential expenditure. I've thought about the size and duration of the loan, the total amount payable and the size of the monthly repayments. I've also thought about the information which 247 Money had about how Ms B was managing her existing credit, and I note it showed she had missed/late payments on a mail order account. Whilst I appreciate 247 Money have said she was in an arrangement and keeping up to date with those repayments, I'm satisfied the information it had about Ms B's overall circumstances ought to have prompted more thorough checks to ensure Ms B would be able to sustainably afford the repayments.

*Would reasonable and proportionate checks have shown that Ms B would be able to repay the agreement in a sustainable way?*

Although I don't think reasonable and proportionate checks were carried out, it doesn't automatically mean the complaint should be upheld. I must now consider what reasonable and proportionate checks were likely to have shown. To do this, I have considered bank statements which have been provided by Ms B for the three-month period leading up to the agreement.

I know 247 Money have said it's not fair to now rely on statements after the fact. I do want to be clear that I'm not saying 247 Money needed to obtain bank statements in order to complete a reasonable and proportionate check. However, I do think it needed to obtain further information about Ms B's specific expenditure, and I must now decide what it was likely to have discovered had it done so. And I'm satisfied the information on the bank statements reasonably reflects the information 247 Money was likely to have discovered at the time.

Firstly, I note 247 Money have explained Ms B did not say she had a term time only contract and it did obtain payslips to verify her employment. There doesn't seem to be anything on the payslips which would indicate she was only getting paid term time. But I don't think this makes a difference to the overall outcome here, as 247 Money had already verified her income at around £1,709 which I think seems to be a reasonable figure here taking into account all of the circumstances.

I've also considered Ms B's expenditure as shown on her statements. 247 Money have said it understood she was living with her ex-wife, and it could have expected her ex-wife to contribute to the household expenditure. I'd also note 247 Money's concerns about the other account held by Ms B and that her partner may be paying her contribution into this account. So, I asked Ms B to provide the statements, and I'm satisfied there are no regular payments from her partner which might be considered contributions. There isn't anything else on the statements for this other account which would lead me to reach a different conclusion here.

Again, I must think about what was likely to have been disclosed. Ms B has told us she was responsible for all of the bills at the time. I have asked for more information around this. Ms B has explained her partner experienced a reduced income because of ongoing health issues and had several existing debts at the time. This meant her partner was unable to contribute to the household expenditure. I'm satisfied this explanation is a plausible one based on the evidence I've seen (including the transactions on the statements). Therefore, I'm satisfied Ms B was likely to have been solely responsible for the household spend.

In light of this, I've thought about what was likely to have been disclosed about her essential spend, including things like rent, food, insurances and so on. Having done so, what I have seen is a very sizeable proportion of Ms B's income was already spoken for in respect of her essential expenditure. Considering her verified income, committed expenditure and the monthly repayments of £340.17, she would only be left with a very small amount of disposable income each month. I'm satisfied the amount of disposable income left over isn't sufficient to demonstrate the agreement was likely to be affordable or sustainable for her. In other words, she would not have enough remaining each month to show she was likely to be able to sustainably afford the repayments throughout the course of the agreement. Therefore, I don't think 247 Money ought to have lent to her in the circumstances.

247 Money have said the loan repayments to Ms B's father should not be included in an assessment of affordability. For clarity, I've not included them as it was likely to have been considered an informal arrangement and didn't show on the credit search it completed. I appreciate Ms B disagrees. But again, it doesn't make a difference to the outcome here. In addition, I can see there were transfers in and out of the account from other people. I note Ms B was relying on borrowing money from friends and family. 247 Money weren't likely to have found this out from reasonable and proportionate checks. But I wanted to confirm that I have taken these transfers into consideration, and I'm satisfied they don't change the outcome of my decision. The payments don't seem to be regular and seem to have been on an informal basis. Therefore, I don't think they could reasonably be relied on to check affordability, and I don't think they could be considered sustainable over the course of the agreement. Overall, there isn't anything in the information I've seen which leads me to conclude reasonable and proportionate checks were likely to have shown this agreement was affordable.

Taking everything into account, I'm not satisfied the checks completed at the time were reasonable and proportionate. And had appropriate checks been carried out, I think on balance they likely would have shown the repayments weren't affordable and sustainable for Ms B. Therefore, 247 Money should put things right and I've outlined how below.

*Did 247 Money act unfairly or unreasonably in some other way?*

I've also considered whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974. However, I'm satisfied the redress I have directed above results in fair compensation for Ms B in the circumstances of her complaint. I'm satisfied based on what I've seen that no additional award would be appropriate in this case.

Finally, and for the sake of completeness, I should explain that I've noted that Ms B did at one point seek to complain about the commission 247 Money paid to her motor dealer. She says that the commission 247 Money paid to the motor dealer was not disclosed to her. We told Ms B what we needed from her in order to progress this matter, but we did not hear back from her in relation to commission.

In any event, what I'm directing 247 Money to do to put things right for Ms B, as a result of irresponsibly lending to her, effectively places her in the position she would now be in had this hire-purchase agreement never existed. I'm therefore satisfied that this has the effect of unwinding the impact of any commission that 247 Money might have paid to the motor dealer for introducing Ms B. So even if Ms B wanted to complain about commission and this complaint were to be upheld, I wouldn't award anything further.

## Putting things right

I have concluded that 247 Money shouldn't have lent to Ms B, and as such I don't think it's fair or reasonable for it to be able to charge any interest or charges under the agreement. Notwithstanding this, Ms B did use the car for around 30 months, and I think it's reasonable for her to pay for that use. But monthly payments of £340.17 do not fairly reflect what fair usage would be because a significant proportion of those repayments went towards interest.

As explained by our Investigator, there isn't an exact formula for working out what a fair monthly repayment would be to reflect Ms B's usage. But in deciding what's fair and reasonable I've thought about the amount of interest charged on the agreement, Ms B's likely overall usage of the car and what her costs to stay mobile would likely have been if she didn't have the car. Weighing up all of the circumstances, I think a fair amount Ms B should pay is £221.90 for each month she had use of the car. This means 247 Money can't require Ms B to pay more than £6,657 for her use of the car.

To put things right, 247 Money Group Limited trading as 247Money should:

- End the agreement with nothing further to pay;
- Calculate how much has been paid towards the agreement in total and deduct £6,657 for fair use;
- Refund anything paid towards the agreement above the fair use figure as an overpayment and add 8% simple yearly interest from the date of payment to the date of settlement;
- Remove any adverse information recorded on Ms B's credit file regarding the agreement.
- I understand after this calculation there will be nothing due from Ms B. However, if there are any arrears after the settlement has been calculated, 247 Money should arrange an affordable repayment plan and treat Ms B with forbearance and due consideration.

\*If 247 Money considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Ms B how much it's taken off. It should also give Ms B a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

I'm satisfied this is fair and reasonable in all the circumstances of the complaint.

## My final decision

For the reasons explained, I'm upholding this complaint and 247 Money Group Limited trading as 247Money should put things right in the way outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 5 January 2026.

Laura Dean  
**Ombudsman**