

The complaint

Mr G complains that Black Horse Limited lent to him irresponsibly when they lent him money under a car finance agreement.

What happened

In March 2021, Mr G entered into a car finance agreement with Black Horse, where he borrowed approximately £18,000 repayable over 60 months.

In 2025, Mr G complained. In summary, he said Black Horse had irresponsibly lent to him and that sufficient checks – to ensure his affordability status – hadn't been undertaken.

Black Horse didn't uphold the complaint. They said, in summary, that they had carried out checks proportionate to the amount being lent; those checks hadn't revealed any concerns, and on that basis, the finance had been provided. So, they were satisfied they had lent responsibly.

Mr G disagreed; he still thought Black Horse were wrong to have lent to him. So, he referred his complaint to this Service for independent review.

An Investigator here considered what had happened; having done so, he agreed that Black Horse were wrong to have lent to Mr G. In short, the Investigator said:

- Discrepancies between Mr G's actual income and the income Black Horse concluded Mr G was earning, were significant;
- As a result of these significant discrepancies, further checks should've been carried out by Black Horse;
- Had Black Horse carried out proportionate checks, they would have realised Mr G had taken out numerous payday loans, and this reliance on short-term credit, should've made it clear to Black Horse that the lending was unaffordable;
- Overall, with that in mind, Black Horse should refund all interest and charges applied to the finance, along with 8% simple interest per year; and they should remove any adverse information from Mr G's credit file.

Mr G accepted the findings, but Black Horse didn't. They said that Mr G's choice to use payday lenders seemed to be to supplement his lifestyle and wasn't a sign of financial difficulty. And they maintained that the information they obtained at the point of Mr G's application, didn't highlight any concerns that would have warranted further checks.

So, as the parties remained in disagreement, the case was passed to me to decide.

I wrote to both parties on 12 November, and explained the following:

"I'm writing to both parties in respect of the above complaint, to set out my thoughts, and give each party a chance to respond. I'll take into account any responses received by 19 November 2025, after which I will look to finalise my decision on this matter if the parties remain in disagreement. If, however, the parties accept, I will arrange for the case to be closed.

The background here is well known to both parties, so I won't set it out again. But in summary, Mr G feels the checks carried out by Blackhorse, prior to granting him the car finance agreement weren't proportionate; and that had they been, Blackhorse should've realised the lending would have been unaffordable for him.

The investigator, having reviewed matters, reached a similar conclusion. And he felt that due to a large discrepancy between the income Mr G declared, and what Blackhorse went on to use to assess affordability, that further checks should've been carried out. He thought that had they been, they would've revealed a number of payday loans taken out by Mr G in the lead up to the inception of this agreement, which subsequently should've led to Blackhorse concluding the lending would have been unaffordable.

Blackhorse countered the investigator's opinion and said they felt the payday lending borrowing levels were more used to supplement Mr G's lifestyle, and weren't a sign of any financial difficulty on Mr G's part. I don't agree with Blackhorse's position here, and I think it unlikely someone would take out a high volume of payday loans – which often come with extremely high interest rates, and need to be repaid in a very short time period – purely to supplement their lifestyle, if they had adequate funds to be able to maintain this without that borrowing. But despite my disagreement on this point, I'm overturning this case for different reasons, I'll explain.

The investigator focussed on the checks carried out by Blackhorse Finance not being proportionate, as they had seen a large discrepancy between the £46,000 annual income Mr G declared, and the £23,000 income he said they based their affordability assessment on. He thought that had proportionate checks been carried out, they would have gone on to show that the lending was unaffordable. While the investigator's reasoning here stands up, it's my position that there has been a misinterpretation of the evidence provided.

When Mr G took out the finance, he declared an annual income of £46,000 – which Blackhorse calculated at around £2,900 as a monthly income. Within their systems, Blackhorse also kept a note of what they refer to as CAMEO data. This data suggested an annual income of £23,000 for Mr G, so I can understand why the investigator was concerned about a discrepancy. But CAMEO data is data provided by a third-party organisation, and it provides information and insight, using demographic, lifestyle, and socio-economic data, along with customer location information, to produce information that consumers and businesses can choose to use. One of the uses for businesses is to assess credit risk and affordability. So, the CAMEO value is essentially an estimate, based on the customers postcode area and general profile; and it is not related to the customers actual income. It instead, provides general insight for businesses, which they may choose to take into account to help inform their lending decisions.

While businesses will often look at generic data - such as the data set out above - to gain an understanding of a customer's position, it is not as useful as customer specific information. So, for instance, what CAMEO might set out as the average income for someone in a similar situation to Mr G, is unlikely to be as accurate as Blackhorse's own confirmation of Mr G's income, which it took from Mr G's personal

testimony, and that its internal checks confirmed to be highly accurate. Blackhorse confirmed Mr G's income using CATO data (current account turnover - specific to Mr G), and it confirmed a high degree of accuracy for the income Mr G declared. Blackhorse have supported this argument with system evidence showing that the income verification checks they carried out showed Mr G's annual income to be £46,378, equating to around £2,800 a month – which was in line with what Mr G declared.

Given that that Blackhorse had determined with a high degree of accuracy that Mr G was earning around £2,800 a month; and, given there was no adverse data present on the credit checks Blackhorse carried out, based on this figure, Mr G would have had a monthly disposable income of around £2,135, after deductions were made for his rent payments, general living costs, and the limited credit commitments evident from the credit check Blackhorse completed. Based on this, there's nothing here that leads me to conclude that Blackhorse should've been concerned at this stage about the agreement being affordable for Mr G, or that further checks were required on Blackhorse's part before approving Mr G's application. So, I think it reasonable for Blackhorse to have concluded, based on the evidence seen, that the credit granted (with monthly payments around £430) would have been affordable for him.

And while I note that Mr G may have taken out a number of payday loans around this time, this information was not available from the credit checks Blackhorse completed. And, as set out above, there's nothing I've seen that leads me to conclude that Blackhorse's checks should've gone further. So, in the circumstances, I think it was reasonable for Blackhorse to have concluded this finance was affordable for Mr G, based on the evidence available to them.

So, while I appreciate this will come as a disappointment to Mr G, for the reasons set out above, I don't intend to uphold his complaint."

I asked both parties to respond and provide any further comments by 19 November. Black Horse accepted my findings, but I received no response from Mr G.

So, as a conclusion has yet to have been reached, and both parties have had the opportunity to respond, I will now look to issue my final decision on this matter.

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.

Having done so, my position remains the same as set out in my email of 19 November 2025.

When Mr G entered into the finance agreement, he declared an income of £46,000. Black Horse confirmed - from checks they carried out using CATO (*current account turnover*) data - which was specific to Mr G, that the income he declared was highly accurate. From Mr G's income declaration, and based on the results of the checks carried out by Black Horse, Black Horse concluded that Mr G would have had a disposable income of around £2,135.

Black Horse's checks also revealed no adverse data present on Mr G's credit file. And while I accept that a high volume of payday lending taken out in the lead up to this application, could have suggested financial difficulty on Mr G's part; and that ultimately, further reviews of that lending, may have led Black Horse to conclude that the finance agreement would have been unaffordable; there was nothing evident from the initial checks Black Horse completed, that would've prompted them to extend their checks further.

The CAMEO data Black Horse recorded, was generic demographic, lifestyle, and socio-economic data, along with customer location information, provided by a third-party to produce approximate guideline figures. So, the CAMEO value is essentially an estimate. So while significantly different to Mr G's income declaration, this information was likely to be much less reliable than the CATO data Black Horse relied upon. And I don't think this difference warranted further checks, as I don't think it did enough to call into question the information provided by Mr G, which Black Horse themselves had confirmed to be accurate. So overall, I remain satisfied Black Horse's checks were proportionate in the circumstances.

Given that the proportionate checks Black Horse did carry out, suggested no recent adverse information, and a disposable income for Mr G of over £2,000 a month; and, given the monthly instalments due under the finance agreement were around £430; I think it was reasonable for Black Horse to conclude that the lending was affordable for Mr G in the circumstances. So therefore, I won't be asking Black Horse to do anything further.

My final decision

My final decision is that I do not uphold Mr G's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 22 December 2025.

Brad McIlquham
Ombudsman