

The complaint

Ms A and Mr L complain Go Car Credit Limited ('GCC') irresponsibly entered into a car finance agreement because it didn't complete reasonable and proportionate checks to ensure the agreement was affordable for them.

They are represented in this complaint but for ease of reference I have referred to Ms A and Mr L throughout the decision.

What happened

In December 2022 Ms A and Mr L acquired a vehicle by a hire purchase agreement from GCC. They were required to make 48 monthly repayments for around £340, and the total amount payable was around £16,365.

In December 2024 Ms A and Mr L complained to GCC. They said it failed to complete adequate affordability checks and if it had it would've been clear that the agreement wasn't affordable.

GCC disagreed. In summary it said it had completed reasonable and proportionate checks to satisfy itself of Ms A and Mr L's ability to repay the agreement in a sustainable way. The checks included completing a credit file search, an income and expenditure check and income verification prior to agreeing to the finance.

Ms A and Mr L remained unhappy, so they asked the Financial Ombudsman Service to look into their complaint.

One of our Investigators looked into things and thought the checks were reasonable and proportionate. She also thought, based on what she had seen that the lending was affordable. This was because in her view Ms A and Mr L had enough disposable income to be able to sustainably afford the monthly repayments, so she didn't think GCC had done anything wrong by approving the finance.

Ms A and Mr L disagreed with our Investigator saying they both had active county court judgements (CCJ) at the time of the lending, and there were missed payments on Ms A's credit report. They said GCC should have reviewed their bank statements and verified their expenditure. Given the term and the repayments under the agreement they didn't think the checks were proportionate as the credit checks showed they were both in financial difficulty.

As an agreement couldn't be reached 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.

Having done so, I'm not upholding it. I understand this will be a disappointment to Ms A and Mr L, but I'll explain why.

Our general approach to complaints about unaffordable or irresponsible lending – including the key rules, guidance and good industry practice – is set out on our website.

The Financial Conduct Authority (FCA) sets out in part of its handbook known as CONC what lenders must do when deciding whether or not to lend to a consumer. In summary, a firm must consider a customer's ability to make repayments under the agreement without having to borrow further to meet repayments or default on other obligations, and without the repayments having a significant adverse impact on the customer's financial situation.

CONC says a firm must carry out checks which are proportionate to the individual circumstances of each case.

Did GCC carry out proportionate checks?

What's considered reasonable and proportionate in terms of the checks a business undertakes will vary depending on details of the borrowing and the consumer's specific circumstances at the time.

GCC said it carried out the following checks:

- Reviewed both Ms A and Mr L's credit file;
- Verified their income using payslips;
- It calculated Ms A and Mr L's disposable income and the affordability of the agreement using the information provided at the time of application.

Here, the total amount payable under the agreement was around £16,365, with Ms A and Mr L committing to make 48 monthly repayments of around £340. This was therefore a relatively lengthy credit commitment, so my starting point is that I'd expect GCC to have completed a thorough affordability check.

Ms A declared that she earned around £727 per month, and Mr L said he earned around £1,500. GCC verified both figures using payslips from the months prior to the lending. GCC also completed a credit check.

GCC's credit check shows Ms A had two active CCJs at the time, with an overall balance of around £584. She had a missed payment on a mail order account around eight months prior to the lending but had brought the account back up to date the following month. And she had a further missed payment on a telecommunications account, a month prior to entering into the agreement. Ms A had also defaulted on three accounts. Two of these defaults appeared to be historic but one was around eight months before the lending. Ms A was maintaining payments well on her other active accounts.

The credit check also revealed Mr L had two active CCJs at the time with an overall balance of around £1,470. There were two defaulted accounts, but these appear to have defaulted more than two years before GCC's lending decision and therefore weren't indicative of financial difficulties at the time. Mr L didn't have any active credit balances, so there was no evidence that he was struggling to manage existing credit.

Ms A and Mr L underwent an affordability assessment at the time and GCC relied on this information to carry out its income and expenditure calculation. Amongst other things it accounted for non-discretionary expenditure as well as Ms A and Mr L's credit commitments. It also factored in a buffer to cover any unexpected costs and this formed part of its figure in calculating the disposable income.

I understand Ms A and Mr L have said GCC should have verified the expenditure to make sure it was correct and accurate and that they were both in financial difficulty at the time. But I don't agree. Although Ms A and Mr L's credit history suggested they'd experienced some financial difficulties, these didn't appear extensive.

GCC verified their income and asked them for details of their expenditure. GCC adjusted some of these figures upwards where it thought they were too low. The figures it used appear reasonable. Given the amounts involved, I'm satisfied GCC's checks were reasonable and it didn't need to do more.

This doesn't however automatically mean GCC made a fair lending decision – it's this I'll look at next.

Did GCC make a fair lending decision?

I've reviewed the payslips GCC obtained for both applicants and I'm satisfied it used a fair estimate of their income. It verified that Ms A earned around £727 per month and Mr L earned around £1,500 per month, giving them a combined income of about £2,227.

It deducted from this, non-discretionary payments such as £550 for rent, around £100 towards credit commitments, which appears a reasonable estimate considering their credit files, and around £900 for all other essential living costs based on the information it was told.

It also applied a £300 buffer to allow for any unexpected costs and decided Ms A and Mr L would have around £375 disposable income per month, from which to make the payments needed under this agreement. Because it included a buffer of £300 in its affordability calculations, I'm satisfied it reasonably concluded the lending would be affordable.

I know Ms A and Mr L will be disappointed in my decision, but I'm satisfied GCC carried out reasonable and proportionate checks. The information and the evidence that they gave to GCC suggested that they could sustainably afford the repayments. GCC was entitled to rely on that information and conclude that it should lend to them. So, I don't think the finance was lent irresponsibly.

I've also considered whether GCC acted unfairly or unreasonably in some other way given what Ms A and Mr L have complained about, including whether its relationship with them might have been viewed as unfair by a court under Section 140A Consumer Credit Act 1974. But for the reasons I've already given I don't think GCC lent irresponsibly to Ms A and Mr L or otherwise treated them unfairly. I haven't seen anything to suggest that s140A or anything else would, given the facts of this complaint, lead to a different outcome here.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms A and Mr L to accept or reject my decision before 13 March 2026.

Rajvinder Pnaiser
Ombudsman