

The complaint

Paragon Bank Plc ('Paragon') provided Mr B with a hire purchase agreement in June 2018. Mr B purchased a used car which had a price of £63,000, he paid a £2,000 deposit and he was due to make one repayment of £1,297.50, then 47 repayments of £1,122.50 and then a final payment of £18,275. Making a total to repay of £74,330.

What happened

The details of this complaint are well-known to both parties, so I won't repeat them again here. The facts aren't in dispute, so I'll focus on giving the reasons for my 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.

Having considered everything, I'm not upholding Mr B's complaint. I'll explain my reasoning below:

We've set out our general approach to complaints about unaffordable or irresponsible lending on our website, and I've taken this into account in deciding Mr B's case.

I've decided the credit was provided fairly because:

- I don't think the checks Paragon did before providing the credit were reasonable and proportionate, given the size of the credit, the monthly repayments, and what it knew about Mr B's financial situation.
- This is because whilst Paragon said this application was manually underwritten due to the amount lent being above £50,000, I think it should have taken some steps to verify Mr B's income and it should've looked in more detail at what his monthly expenditures were, rather than just relying on what a credit reference agency knew about him.
- If Paragon had done proportionate checks, I don't think it's likely these would have shown it was unfair to provide the credit to Mr B.
- This is because Paragon did find out that Mr B had a reasonably high amount of other debt such as a mortgage, two other car finance agreements and some credit card balances. But the credit reference agency data that Paragon looked at showed he was repaying all of this, and his other bills, without any problems. There was no adverse information on his credit file when Paragon lent to him.
- The information provided by Mr B as part of the complaint shows he earned around £3,500 a month. But his regular living costs seem to be modest, his mortgage and expenditures left him with enough left over to repay the new finance. He was making a larger repayment to a hire purchase agreement, I understand this was over £1,300

a month, but this agreement would be settled with the new agreement. And so, his overall monthly repayments would be lower going forward.

- And lastly, there were no signs on the bank statements, or the credit files, that Mr B has supplied of him being in financial difficulty at the time Paragon lent to him.
- Based on the information Mr B provided about his circumstances at the time, there was nothing to suggest Mr B was likely to be unable to sustainably repay what he was being lent.
- I don't think Paragon acted unfairly in any other way.

This means I don't think Paragon did anything wrong when it provided the hire purchase agreement to Mr B.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Paragon lent irresponsibly to Mr B or otherwise treated him unfairly. I haven't seen anything to suggest that s.140A or anything else would, given the facts of this complaint, lead to a different outcome here.

I know this isn't the outcome Mr B hoped for. But for the reasons above, I'm not asking Paragon to do anything to put things right.

My final decision

My final decision is that I'm not upholding this complaint about Paragon.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 6 January 2026.

Andy Burlinson
Ombudsman