

The complaint

Mr S complains that 247 Money Group Limited trading as 247Money lent to him by approving a car finance agreement which he says he could not afford.

What happened

In February 2022 Mr S wanted to buy a second hand car which he did using the car finance provided by 247Money. The capital sum was £5,995 and the total to pay including interest was £8,470 at £176 a month for 48 months. I've used rounded figures.

Mr S complained in January 2025. And received responses in March 2025. After the complaint had been referred to the Financial Ombudsman Service one of our investigators considered it and thought that 247Money did not carry out proportionate checks. And having reviewed what it would have seen had it done the right checks our investigator considered that the car finance ought not to have been approved.

Mr S agreed with this and 247Money questioned the redress which was amended and emailed to it. 247Money disagreed with the outcome. Its main concerns were

- That the credit report obtained did not show such a poor record that a full I&E was called for; and
- whether Mr S' partner contributed to the costs of the household; and
- that if he'd been unable to afford the car it would have expected multiple months of arrears records with 247Money during the life of the credit agreement, which it says was not the case.

The unresolved complaint was passed to me to decide. I reviewed all the details and asked Mr S to explain some elements surrounding his finances and his household arrangements in relation to payment of bills and other matters.

Mr S has explained that he needed the car as the one he'd been using before had been borrowed, was old and had broken down. He has described that he needed a car to transport his children and partner and to commute to work.

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.

We've explained how we handle complaints about irresponsible and unaffordable lending on our website. And I've used this approach to help me decide Mr S' complaint. 247Money needed to make sure that it didn't lend irresponsibly. In practice, what this means is that it needed to carry out proportionate checks to be able to understand whether any lending was sustainable for Mr S before providing it.

Our website sets out what we typically think about when deciding whether a lender's checks were proportionate. Generally, we think it's reasonable for a lender's checks to be less thorough – in terms of how much information it gathers and what it does to verify that information – in the early stages of a lending relationship. But we might think it needed to do more if, for example, a borrower's income was low, the amount lent was high, or the

information the lender had – such as a significantly impaired credit history – suggesting the lender needed to know more about a prospective borrower's ability to repay.

I have reverted to the specific wording and detail in the FCA Consumer Credit Sourcebook (CONC) Chapter 5 on responsible lending to assist me in relation to Mr S's complaint. I do not set out the FCA wording here but it can be found on-line.

When considering whether creditworthiness assessments were reasonable which is what the FCA require it to be, there are a number of considerations to guide 247Money that the checks were proportionate: CONC 5.2A.20R and the subsequent paragraphs. It was not expected that there was a full financial review of every aspect of Mr S' circumstances for the application unless there was something that alerted it to there being a potential issue.

Proportionality can be seen as doing reasonable checks within the full context of the loan application, what it was for and other details. I can't improve on some of the wording in the guide paragraph CONC 5.2A.21: *Certain factors may point towards a more rigorous assessment and others towards a less rigorous one in which case the firm should weigh up the factors before deciding what type of creditworthiness assessment is required.*

Income – Mr C sent a payslip for February 2022 and that showed he earned £1,693 after tax. He'd put a similar figure in the finance application.

In relation to outgoings – there's little evidence. The final response to the complaint, which does not look to have been tailored to Mr S' complaint as there is an incorrect name in the middle of it, states that 247Money used Office of National Statistics (ONS) data but I've received no details. There's no evidence from 247Money about this.

I've listened to the recorded call between Mr S and a representative from 247Money who prefaced the conversation with confirmation that the loan was approved and the call was to verify certain matters and read out some elements of the agreement for Mr C. My view is that call was after the decision had been made. It was not a call designed to ask Mr S for more information.

247Money did a credit reference agency (CRA) search. I've been sent a copy. The 247Money records do not show the full screens and so Court and Public Information shows as a category but not the results. The search on Mr S' previous address showed he'd settled three accounts in 2019 and 2020 including a rental agreement. No adverse showed.

The 247Money search on Mr S' current address showed that he had 12 accounts open, four others which had settled in early or mid-2021, one of which had had arrears markers added. Of the 12 open, six had recent arrears markers (for January 2022) and four of those six accounts had multiple arrears markers for the autumn of 2021 so not that long before Mr S had applied to 247Money. Five of the six accounts in arrears were store or credit card accounts and one was a bank account which indicated that Mr S had no spare cash at all.

Mr C has told us a lot about his poor credit management in 2016 and 2017 resulting in a County Court Judgment (CCJ), defaulted accounts and entering a Debt Management Plan (DMP) more than once. But I consider that these were too old for 247Money to have considered them relevant for an application in February 2022. And in any event, I don't think that these showed on 247Money's credit searches done before lending.

Overall, I consider that 247Money had enough information about the arrears on his accounts to justify making some further enquiries with Mr S. And as I've no information from 247Money on what ONS data it used then I'm not persuaded it carried out proportionate checks. This was going to be a 48 month legal agreement and although the repayments were not high at £176 a month there would have been the cost of taxing and running the car on top of this.

So, we asked Mr S for information to have a look to see what 247Money likely would have seen if it had carried out some more enquiries. He has sent to us copy bank account

statements for one of his accounts. The others are closed. These show his rent was £995 a month and payable to an estate agency firm. We asked Mr S about the earning capacity of his partner with whom he lived at the time and was informed she earned nothing at that time and he was solely responsible for the rent and bills. At that time in 2022 the new usual level of utility bills were high. Mr S has shown that his Council Tax bill for 2024/2025 was £118 a month and so even if I were to reduce that for the 2021/2022 year then I think £100 a month is a likely figure.

With rent and council tax of £1,095 each month that does not leave Mr S with a lot left for bills, and other usual household necessities such as broadband, TV and phones plus insurances and other committed costs. In addition, Mr S has sent to us documentary evidence dated December 2021 and January 2022 showing he had multiple recent arrears with accounts as well as the credit/store card accounts showing on the credit search. These included copy letters from an insurance company, TV licensing, TV streaming service company, three of the card companies and his outstanding gas and electricity bill for February 2022 was £329 because he'd only been paying that company £15 or £10 in previous months. So, Mr S has demonstrated to me that he was not managing to pay all that he should have been paying down to live in his home with his family.

I asked Mr S about a significant credit sum into his account but he has described that as a one-off amount from family to help them out. I've not seen all the copy bank account statements I would have liked to have seen but Mr S has provided letters and I accept his explanations.

There's another element which 247Money might have discovered depending on how it assessed his non-discretionary expenditure – Mr S gambled. And so, I consider that there's enough for me to decide that Mr S could not afford the £176 monthly repayment to 247Money plus running costs for the car, but with the additional evidence of gambling I am satisfied that he could not. I uphold the complaint.

A final point that 247Money has raised related to its query surrounding the arrears. It has said to us that if Mr S had been unable to afford the car it would have expected multiple months of arrears records with 247Money during the life of the credit agreement, which it says was not the case. As I'm being asked to address the complaint which surrounds the approval of the car finance agreement, records or whether a customer repays well or not well during the life of the agreement is not relevant.

The redress

Where a business has made an error, usually we aim to put the consumer back in the position they would've been in had the error not occurred. However, in cases where a business has lent irresponsibly and Mr S has had use of an asset in the meantime, this isn't entirely possible, as the lending provided cannot always be undone.

247Money queried the redress set out in the investigator's first view and it was amended to reflect what she considered was fair – that 247Money retained the cash value of the car and refund anything Mr S had paid in excess of the value of the cash price. And it transferred ownership of the car to Mr S.

247Money raised further queries which I need to address.

It said:

It should also be noted that the decision to transfer ownership of the vehicle to the customer does not align with the outcome you have suggested. If you believe the loan was not affordable then we would have expected you to put the customer back in the position he was in had he not taken the loan. Therefore, we would expect you to ask us to return the payments he has made, minus fair usage deductions and we retain ownership of the vehicle.

It would appear you are suggesting we should have given this customer an interest free loan, due to us not conducting appropriate affordability checks. If you feel the customer should not have been given this loan, then all aspects should be reversed.

Information I have is that on 15 October 2024, 247Money informed Mr S he'd paid £5,470.57 up to that date. It sent him a Statement of Account (SOA) and listed all the rest of the payments due through to 8 March 2026 at £176.47 each.

And using Mr S' personal credit file, the entry for 247Money shows that Mr S has paid late once and has been in arrears since then but it also shows he has paid. And a SOA Mr S has sent to us shows that he has repaid a further £764.70 since October 2024. Using those figures and records I've calculated that Mr S has repaid over £6,200.

I've thought about this and considered the usual approach the Financial Ombudsman takes where irresponsible lending has been determined and where cars have almost been paid for. Here Mr S looks to have paid the cash price of the car and is only a few months away from repaying in full through the finance arrangement. So, I don't consider it's fair that the car is returned to 247Money at this stage.

Putting things right

As I don't think 247Money ought to have approved the lending, I don't think it's fair for it to charge interest or charges under the agreement. To settle Mr S' complaint 247Money should do the following:

- Mr S has paid more than the cash price of the car, so 247Money should refund any payments Mr S has made in excess of £5,995, representing the original cash price of the car. It should add 8% simple interest per year* from the date of each overpayment to the date of settlement.
- 247Money should then end the agreement and transfer ownership of the car to Mr S and cease to take any further monthly repayments from him.
- Any adverse information in relation to the account should be removed from his credit file.

*HM Revenue & Customs usually requires 247Money to take off tax from this interest. It must give Mr S a certificate showing how much tax it's taken off if he asks for one.

I've considered whether the relationship between Mr S and 247Money might have been unfair under section 140A of the Consumer Credit Act 1974. However, I'm satisfied the redress I have directed should be carried out for Mr S results in fair compensation for him in the circumstances of his complaint. I'm satisfied, based on what I've seen, that no additional award would be appropriate in this case.

My final decision

My final decision is that I uphold the complaint and I direct that 247 Money Group Limited trading as 247Money does as I have outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 30 December 2025.

Rachael Williams
Ombudsman