

The complaint

Mrs M complains that Go Car Credit Limited irresponsibly provided her with an unaffordable hire purchase agreement.

Mrs M's complaint has been referred to our service by a professional representative, but for ease I've referred to all submissions as though they are her own.

What happened

In September 2021 Go Car Credit provided Mrs M with a hire purchase agreement for a car with a cash price of £11,000. Mrs M paid a deposit of £2,000 and obtained finance of £9,000. This credit agreement had a term of 48 months with instalments of around £375. The total repayable value, including the deposit, interest and fees was around £20,000.

Mrs M complained to Go Car Credit in February 2025 about irresponsible lending. She said it hadn't completed proportionate checks before approving this lending; and that had it done so it ought to have concluded this agreement wasn't sustainably affordable for her. Go Car Credit issued its final response in March 2025 in which it didn't uphold Mrs M's complaint. Unhappy with Go Car Credit's response, Mrs M referred her complaint to our service.

One of our investigators reviewed the details of Mrs M's complaint and ultimately upheld it. They said Go Car Credit's checks weren't proportionate to the terms of lending being provided, and what it had identified about Mrs M's finances. They went on to consider what Go Car Credit would more likely have identified through proportionate checks, and concluded it hadn't made a fair lending decision when providing Mrs M with this agreement.

Go Car Credit disagreed with our investigator's view. In summary, it maintained its position that its checks were proportionate and that it had made a fair lending decision when providing Mrs M with this agreement. Go Car Credit asked for an ombudsman's review, so 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.

The information in this case is well known to Mrs M and Go Car Credit, so I don't intend to repeat it in detail here. Instead, I've focused my decision on what I consider to be the key points of this complaint; so, while my decision may not cover all the points or touch on all the information that's been provided, I'd like to assure both parties I've carefully reviewed everything available to me. I don't mean to be discourteous to Mrs M or Go Car Credit by taking this approach, but this simply reflects the informal nature of our service.

We've set out our approach to complaints about irresponsible and unaffordable lending as well as the key rules, regulations and what we consider to be good industry practice on our website. I've taken this approach into account in deciding Mrs M's case.

Having considered everything I'm upholding Mrs M's complaint, as I've decided this hire purchase agreement wasn't provided fairly. I say this because:

- I don't consider the checks Go Car Credit completed before providing this credit agreement were reasonable and proportionate, given the terms of credit being provided and that Mrs M's credit file showed recent and historic adverse information.
- Had Go Car Credit completed proportionate checks, I don't think it's likely these would have shown it was fair to provide Mrs M with this credit agreement. I say this based on reviewing Mrs M's bank statements in the three months leading up to this lending, as well as other supporting financial evidence from around the time – which allow me to understand what proportionate checks at the time would more likely than not have shown Go Car Credit.
- These statements evidence Mrs M's income, some non-discretionary expenditure and regular commitments. Mrs M has also provided additional evidence of rental payments and arrears, as well as information about arrears with other credit accounts (which Go Car Credit had in part identified through its credit check).
- The evidence available to me shows Mrs M was in arrears with multiple creditors and was steadily using borrowing to, at least in part, repay existing borrowing. I'm therefore persuaded proportionate checks ought reasonably to have led to Go Car Credit identifying Mrs M was likely to be unable to sustainably repay this agreement; as the evidence shows she was already in financial difficulties, and by providing this credit agreement Go Car Credit would be causing further financial difficulties and financial harm.

This means I don't think Go Car Credit should have provided Mrs M with this hire purchase agreement in September 2021.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, I'm satisfied the redress I'm awarding in this case, as set out below, results in fair compensation for Mrs M in the circumstances of this complaint. I'm therefore satisfied, based on what I've seen, that no additional award would be appropriate in this case.

Putting things right

As I've found above that Go Car Credit made an unfair lending decision when providing this agreement, it follows that Mrs M shouldn't be required to repay any figure above the original cash price of the car.

To settle Mrs M's complaint Go Car Credit should do the following:

- End the agreement with nothing further to pay and transfer ownership of the vehicle to Mrs M.
- Refund any payments Mrs M has made in excess of £11,000, 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.
- Remove any adverse information reported to Mrs M's credit file regarding the agreement.

*HM Revenue & Customs requires Go Car Credit to take off tax from this interest. It must give Mrs M a certificate showing how much tax it's taken off if she asks for one.

My final decision

My final decision is that I'm upholding Mrs M's complaint and Go Car Credit Limited must put things right as I've directed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 7 January 2026.

Richard Turner
Ombudsman